

**FENG TAY ENTERPRISES COMPANY LIMITED
AND ITS SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Feng Tay Enterprises Company Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of Feng Tay Enterprises Company Limited and its subsidiaries (“the Group”), as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$15,361,199 thousand and \$12,715,943 thousand, constituting 29.37% and 23.80% of consolidated total assets as of September 30, 2023 and 2022, respectively; total liabilities amounting to \$4,467,461 thousand and \$4,186,050 thousand, constituting 16.21% and 15.28% of consolidated total liabilities as of September 30, 2023 and 2022, respectively, and total comprehensive income amounting to \$404,559 thousand, \$888,463 thousand, \$368,716 thousand and \$1,862,307 thousand, constituting 14.98%, 21.20%, 7.19% and 17.98% of consolidated total comprehensive income for the three months and nine months ended September 30, 2023 and 2022, respectively.

Furthermore, as stated in Note (6)(d), the other equity accounted investments of the Group in its investee companies of \$1,095,329 thousand and \$1,023,679 thousand as of September 30, 2023 and 2022, respectively, and its equity in net gain on these investee companies of \$26,707 thousand, \$80,801 thousand, \$37,595 thousand and \$192,696 thousand for the three months and nine months ended September 30, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Rou-Lan Kuo and Shu-Ling Lien.

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ reviewreport and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ reviewreport and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES**Consolidated Balance Sheets****September 30, 2023, December 31, 2022, and September 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity		September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note (6)(a))	\$ 4,834,998	9	5,076,095	10	4,405,355	8	2100	Short-term borrowings (Note (6)(j))	\$ 5,744,803	11	435,372	1	3,661,910	7
1170	Accounts receivable (Notes (6)(b) and (q))	8,216,515	16	8,772,178	17	10,329,529	19	2130	Current contract liabilities (Note (6)(q))	760	-	317	-	380	-
1180	Accounts receivable due from related parties, net (Notes (6)(b), (q) and (7))	-	-	21,146	-	10,783	-	2170	Notes and accounts payable	4,456,065	9	3,941,237	8	4,868,337	9
1200	Other receivables (Note (7))	763,972	2	442,193	1	649,486	1	2200	Other payables	4,881,304	9	6,442,332	12	5,821,884	11
1220	Current tax assets	21,115	-	187,379	-	216,872	1	2230	Current tax liabilities	1,594,339	3	2,593,834	5	2,743,161	5
130X	Inventories (Note (6)(c))	9,039,915	17	9,104,194	18	10,112,471	19	2280	Current lease liabilities (Note (6)(l))	32,455	-	34,934	-	35,582	-
1476	Other current financial assets (Notes (6)(n) and (8))	1,391	-	498,751	1	514,924	1	2320	Long-term liabilities, current portion (Note (6)(k))	59,265	-	14,481	-	14,776	-
1479	Other current assets, others	962,490	2	1,078,973	2	1,228,295	2	2399	Other current liabilities, others	43,904	-	36,328	-	24,838	-
	Total current assets	<u>23,840,396</u>	<u>46</u>	<u>25,180,909</u>	<u>49</u>	<u>27,467,715</u>	<u>51</u>		Total current liabilities	<u>16,812,895</u>	<u>32</u>	<u>13,498,835</u>	<u>26</u>	<u>17,170,868</u>	<u>32</u>
Non-current assets:								Non-Current liabilities:							
1550	Investments accounted for using equity method (Note (6)(d))	1,095,329	2	1,051,389	2	1,023,679	2	2540	Long-term borrowings (Note (6)(k))	2,051,126	4	2,511,012	5	1,888,585	3
1600	Property, plant and equipment (Note (6)(f))	22,570,545	43	20,704,257	40	20,566,591	39	2570	Deferred tax liabilities (Note (6)(n))	3,516,136	7	3,827,503	8	3,713,351	7
1755	Right-of-use assets (Note (6)(g))	1,757,454	3	1,764,171	4	1,775,244	3	2580	Non-current lease liabilities (Note (6)(l))	515,101	1	549,238	1	564,038	1
1760	Investment property, net (Note (6)(h))	72,150	-	68,679	-	69,330	-	2640	Non-current net defined benefit liability (Note (6)(m))	4,424,438	8	3,839,586	8	3,742,928	7
1780	Intangible assets (Note (6)(i))	406,377	1	420,583	1	408,562	1	2670	Other non-current liabilities	237,105	-	210,266	-	322,364	1
1840	Deferred tax assets (Note (6)(n))	1,791,031	4	1,409,418	3	1,324,790	3		Total non-current liabilities	<u>10,743,906</u>	<u>20</u>	<u>10,937,605</u>	<u>22</u>	<u>10,231,266</u>	<u>19</u>
1980	Other non-current financial assets (Note (8))	105,545	-	84,422	-	237,500	-		Total liabilities	<u>27,556,801</u>	<u>52</u>	<u>24,436,440</u>	<u>48</u>	<u>27,402,134</u>	<u>51</u>
1990	Other non-current assets	669,264	1	626,539	1	552,004	1	Equity attributable to owners of parent (Note (6)(o)):							
	Total non-current assets	<u>28,467,695</u>	<u>54</u>	<u>26,129,458</u>	<u>51</u>	<u>25,957,700</u>	<u>49</u>	3110	Total capital stock	9,874,828	19	8,816,811	17	8,816,811	17
								3200	Capital surplus	50,730	-	51,160	-	50,914	-
									Retained earnings:						
								3310	Legal reserve	6,476,443	12	5,577,243	11	5,577,243	10
								3320	Special reserve	1,053,529	2	2,559,457	5	2,559,457	5
								3350	Unappropriated retained earnings	5,437,272	11	9,042,212	18	7,428,123	14
									Other equity interest:						
								3410	Exchange differences on translation of foreign financial statements	1,076	-	(1,053,529)	(2)	(278,572)	(1)
									Total equity attributable to owners of parent:	<u>22,893,878</u>	<u>44</u>	<u>24,993,354</u>	<u>49</u>	<u>24,153,976</u>	<u>45</u>
								36XX	Non-controlling interests	<u>1,857,412</u>	<u>4</u>	<u>1,880,573</u>	<u>3</u>	<u>1,869,305</u>	<u>4</u>
									Total equity	<u>24,751,290</u>	<u>48</u>	<u>26,873,927</u>	<u>52</u>	<u>26,023,281</u>	<u>49</u>
Total assets		<u>\$ 52,308,091</u>	<u>100</u>	<u>51,310,367</u>	<u>100</u>	<u>53,425,415</u>	<u>100</u>	Total liabilities and equity		<u>\$ 52,308,091</u>	<u>100</u>	<u>51,310,367</u>	<u>100</u>	<u>53,425,415</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended September 30				For the nine months ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (Notes (6)(q) and (7))							
	\$ 23,072,896	100	25,881,159	100	63,232,072	100	73,039,500	100
5000	Operating costs (Note (6)(c))							
	(18,079,877)	(78)	(19,636,120)	(76)	(50,698,132)	(80)	(55,152,833)	(76)
	Gross profit from operations							
	4,993,019	22	6,245,039	24	12,533,940	20	17,886,667	24
	Operating expenses:							
6100	Selling and administrative expenses							
	(2,333,524)	(10)	(2,429,979)	(9)	(6,297,757)	(10)	(6,859,094)	(9)
6300	Research and development expenses							
	(710,867)	(3)	(831,743)	(3)	(1,947,035)	(3)	(2,370,104)	(3)
	Total operating expenses							
	(3,044,391)	(13)	(3,261,722)	(12)	(8,244,792)	(13)	(9,229,198)	(12)
	Net operating income							
	1,948,628	9	2,983,317	12	4,289,148	7	8,657,469	12
	Non-operating income and expenses:							
7100	Interest income (Note (6)(s))							
	33,053	-	15,096	-	95,321	-	40,004	-
7010	Other income (Note (6)(s))							
	119,972	-	262,165	1	358,512	-	574,990	1
7020	Other gains and losses, net (Note (6)(s))							
	350,064	1	765,541	3	467,872	1	1,592,583	2
7050	Financial costs (Note (6)(s))							
	(71,596)	-	(49,174)	-	(181,090)	-	(119,989)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note (6)(d))							
	26,707	-	80,801	-	37,595	-	192,696	-
	Total non-operating income and expenses							
	458,200	1	1,074,429	4	778,210	1	2,280,284	3
	Profit from continuing operations before tax							
	2,406,828	10	4,057,746	16	5,067,358	8	10,937,753	15
7950	Income tax expenses (Note (6)(n))							
	(585,195)	(2)	(1,106,610)	(4)	(1,058,134)	(2)	(2,969,637)	(4)
	Net profit							
	1,821,633	8	2,951,136	12	4,009,224	6	7,968,116	11
	Other comprehensive income:							
8360	Item that may be reclassified subsequently to profit or loss							
8361	Exchange differences on translation of foreign financial statements							
	881,842	4	1,245,194	4	1,124,141	2	2,398,506	3
8399	Income tax related to components of other comprehensive income that will may be reclassified to profit or loss							
	(3,183)	-	(5,292)	-	(4,331)	-	(9,953)	-
	Item that may be reclassified subsequently to profit or loss							
	878,659	4	1,239,902	4	1,119,810	2	2,388,553	3
	Other comprehensive income							
	878,659	4	1,239,902	4	1,119,810	2	2,388,553	3
8500	Total comprehensive income							
	\$ 2,700,292	12	4,191,038	16	5,129,034	8	10,356,669	14
	Net profit, attributable to:							
8610	Net profit, attributable to owners of parent							
	\$ 1,688,883	7	2,722,300	11	3,635,293	6	7,377,915	10
8620	Net profit, attributable to non-controlling interests							
	132,750	1	228,836	1	373,931	-	590,201	1
	\$ 1,821,633	8	2,951,136	12	4,009,224	6	7,968,116	11
	Comprehensive income attributable to:							
8710	Comprehensive income, attributable to owners of parent							
	\$ 2,499,993	11	3,907,950	15	4,689,898	7	9,658,800	13
8720	Comprehensive income, attributable to non-controlling interests							
	200,299	1	283,088	1	439,136	1	697,869	1
	\$ 2,700,292	12	4,191,038	16	5,129,034	8	10,356,669	14
	Earnings per share (Note (6)(p))							
9750	Basic earnings per share (dollars)							
	\$ 1.71		2.76		3.68		7.47	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital		Retained earnings						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
Balance on January 1, 2022	\$ 8,816,811	50,916	5,126,375	2,082,107	4,593,319	(2,559,457)	18,110,071	1,758,492	19,868,563
Net profit	-	-	-	-	7,377,915	-	7,377,915	590,201	7,968,116
Other comprehensive income	-	-	-	-	-	2,280,885	2,280,885	107,668	2,388,553
Total comprehensive income	-	-	-	-	7,377,915	2,280,885	9,658,800	697,869	10,356,669
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	450,868	-	(450,868)	-	-	-	-
Special reserve appropriated	-	-	-	477,350	(477,350)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,614,893)	-	(3,614,893)	-	(3,614,893)
Due to donated assets received	-	(2)	-	-	-	-	(2)	-	(2)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	17,049	17,049
Changes in non-controlling interests	-	-	-	-	-	-	-	(604,105)	(604,105)
Balance on September 30, 2022	\$ 8,816,811	50,914	5,577,243	2,559,457	7,428,123	(278,572)	24,153,976	1,869,305	26,023,281
Balance on January 1, 2023	\$ 8,816,811	51,160	5,577,243	2,559,457	9,042,212	(1,053,529)	24,993,354	1,880,573	26,873,927
Net profit	-	-	-	-	3,635,293	-	3,635,293	373,931	4,009,224
Other comprehensive income	-	-	-	-	-	1,054,605	1,054,605	65,205	1,119,810
Total comprehensive income	-	-	-	-	3,635,293	1,054,605	4,689,898	439,136	5,129,034
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	899,200	-	(899,200)	-	-	-	-
Reversal of special reserve	-	-	-	(1,505,928)	1,505,928	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(6,788,944)	-	(6,788,944)	-	(6,788,944)
Stock dividends of ordinary share	1,058,017	-	-	-	(1,058,017)	-	-	-	-
Due to donated assets received	-	(7)	-	-	-	-	(7)	-	(7)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	183	-	-	-	-	183	-	183
Changes in ownership interests in subsidiaries	-	(606)	-	-	-	-	(606)	9,143	8,537
Changes in non-controlling interests	-	-	-	-	-	-	-	(471,440)	(471,440)
Balance on September 30, 2023	\$ 9,874,828	50,730	6,476,443	1,053,529	5,437,272	1,076	22,893,878	1,857,412	24,751,290

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 5,067,358	10,937,753
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	2,179,480	2,080,762
Amortization expense	40,377	37,224
Interest expense	181,090	119,989
Interest income	(95,321)	(40,004)
Share of profit of associates and joint ventures accounted for using equity method	(37,595)	(192,696)
Loss on disposal of property, plant and equipment	23,122	19,380
Profit from lease modification	(1,226)	-
Impairment losses	4,754	8,779
Total adjustments to reconcile profit	2,294,681	2,033,434
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in accounts receivable	603,078	(1,692,132)
Decrease (increase) in other receivables	(297,044)	48,019
Decrease (increase) in inventories	457,460	424,055
Decrease (increase) in other current assets	159,708	(7,512)
Decrease (increase) in other current financial assets	497,387	530,064
Total changes in operating assets	1,420,589	(697,506)
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	410	(407)
Increase (decrease) in notes and accounts payable	515,175	651,051
Increase (decrease) in other payable	(1,544,608)	917,262
Increase (decrease) in other current liabilities	7,440	(2,782)
Increase (decrease) in net defined benefit liability	419,733	17,619
Increase (decrease) in other non-current liabilities	15,759	32,260
Total changes in operating liabilities	(586,091)	1,615,003
Total changes in operating assets and liabilities	834,498	917,497
Total adjustments	3,129,179	2,950,931
Cash inflow generated from operations	8,196,537	13,888,684
Interest received	97,916	41,709
Interest paid	(181,135)	(119,833)
Income taxes paid	(2,702,304)	(1,590,270)
Net cash flows from operating activities	5,411,014	12,220,290
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(3,079,386)	(2,933,859)
Proceeds from disposal of property, plant and equipment	88,475	82,476
Acquisition of intangible assets	(23,110)	(39,084)
Proceeds from disposal of intangible assets	-	1,770
Acquisition of right-of-use assets	-	(8,126)
Decrease (increase) in other non-current financial assets	(16,908)	(147,889)
Decrease (increase) in other non-current assets	(54,427)	(296,471)
Dividends received	41,340	5,672
Net cash flows used in investing activities	(3,044,016)	(3,335,511)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	5,278,668	(2,834,932)
Proceeds from long-term borrowings	573,404	831,299
Repayments of long-term borrowings	(1,087,342)	(2,019,968)
Payment of lease liabilities	(37,207)	(43,901)
Cash dividends paid	(6,788,944)	(3,614,893)
Change in non-controlling interests	(506,408)	(695,717)
Net cash flows used in financing activities	(2,567,829)	(8,378,112)
Effect of exchange rate changes on cash and cash equivalents	(40,266)	78,229
Net (decrease) increase in cash and cash equivalents	(241,097)	584,896
Cash and cash equivalents at beginning of period	5,076,095	3,820,459
Cash and cash equivalents at end of period	\$ 4,834,998	4,405,355

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements
September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Feng Tay Enterprises Company Limited (hereinafter referred to as “the Company”), founded in 1971, is a manufacturer specialized in athletic shoes. Other business activities include developing and producing casual shoes, inline skates, ice skates, ski boots, cycling shoes, golf balls, soccer balls, backpack and handbags, ice hockey helmets and sticks, footwear accessories, as well as shoe molds and tools. The Company has a headquarter located at the Yunlin Science and Industrial Park, wherein it conducts order management, product development, technology research, finished goods and shoe material trade, and constant cultivation of multinational management talents, while its factories of mass production are spread throughout China, Vietnam, Indonesia, and India. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). Please refer to note 14 for related information of the Group entities’ main business activities.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on November 10, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company √ GLO	PT Feng Tay Indonesia Enterprises	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	100.00 %	99.81 %	99.81 %	PT Feng Tay Indonesia Enterprises was established in Indonesia in 1992, and has paid in capital of USD27,000,000.(Note1)
The Company	Growth-Link Overseas Co., Ltd. (GLO)	Investment holding.	100.00 %	100.00 %	100.00 %	Growth-Link Overseas Co., Ltd. was established in Bermuda in 1991, and has paid in capital of USD27,513,036 (including share premium of USD27,453,036).
The Company √ GLO	VX Holdings Limited (VXH)	Investment holding.	92.13 %	92.13 %	92.13 %	VX Holdings Limited was established in British Virgin Islands in 1997, and has paid in capital of USD32,335,923 (including share premium of USD32,254,923).(Note1)
The Company √ GLO	Dona Orient Holdings Limited (DOH)	Investment holding.	100.00 %	100.00 %	100.00 %	Dona Orient Holdings Limited was established in British Virgin Islands in 2003, and has paid in capital of USD111,593,053 (including share premium of USD111,483,817).
The Company √ GLO	PT Rich Valley Indonesia	Manufactures athletic shoes, casual shoes, semi-finished footwear and footwear accessories.	100.00 %	100.00 %	100.00 %	PT Rich Valley Indonesia was established in Indonesia in 2019, and has paid in capital of USD36,431,286.(Note1)
The Company	Great Eastern Industries Limited	International trade services.	100.00 %	100.00 %	100.00 %	Great Eastern Industries Limited, was established in Hong Kong in 2019, and has paid in capital of USD1,000,000 (including share premium of USD999,000).(Note1)
The Company	Great South Private Limited	Investing holding.	100.00 %	100.00 %	100.00 %	Great South Private Limited was established in Singapore in 2021, and has paid in capital of SGD1,600,000.(Note1)
The Company	India Tindivanam Footwear Private Limited	Manufactures athletic shoes, semi-finished footwear and footwear accessories.	96.14 %	93.87 %	88.00 %	India Tindivanam Footwear Private Limited was established in India in 2022, and has paid in capital of INR2,244,917,250. (Note1)

(Continued)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
GLO	Fujian Da Feng Holdings Co., Ltd. (DF)	Investment holding.	70.00 %	70.00 %	70.00 %	Fujian Da Feng Holdings Co., Ltd. was established in Fujian Province, China in 1993, and has paid in capital of USD27,000,000.(Note1)
DF	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. (LF)	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Fujian Lifeng Footwear Ind. Dev. Co., Ltd. was established in Fujian Province, China in 1988, and has paid in capital of USD15,000,000.
GLO and DF	Fujian Xiefeng Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Fujian Xiefeng Footwear Co., Ltd. was established in Fujian Province, China in 1989, and has paid in capital of USD15,000,000.
GLO and DF	Fujian San Feng Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	80.00 %	80.00 %	80.00 %	Fujian San Feng Footwear Co., Ltd. was established in Fujian Province, China in 1992, and has paid in capital of USD15,000,000.
GLO, DF, LF and XM	Fujian Great Hope Footwear Co., Ltd.(GH)	Manufactures athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	100.00 %	100.00 %	100.00 %	Fujian Great Hope Footwear Co., Ltd. was established in Fujian Province, China in 1989, and has paid in capital of USD7,950,000.(Note1)
GLO	Xie Feng Mold Co., Ltd. Putian, Fujian(XM)	Manufactures and repairs molds, cutting dies, shoe lasts, injections, and processing of metal parts.	50.34 %	50.34 %	50.34 %	Xie Feng Mold Co., Ltd. Putian, Fujian was established in Fujian Province, China in 1991, and has paid in capital of USD3,000,000.(Note1)
LF, GH and XM	Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	100.00 %	100.00 %	100.00 %	Suzhou Yufeng Plastic Technology Co., Ltd., was established in Jiangsu Province, China in 2009, and has paid in capital of USD2,562,738.(Note1)
GLO	Fujian Wu Feng Department Store Co., Ltd.	Wholesaler and retailer of general merchandise, and related services.	50.00 %	50.00 %	50.00 %	Fujian Wu Feng Department Store Co., Ltd. was established in Fujian Province, China in 1992, and has paid in capital of USD4,500,000.(Note1)
GLO	Dona Pacific Holdings Limited (DPH)	Investment holding.	92.00 %	92.00 %	92.00 %	Dona Pacific Holdings Ltd., was established in British Virgin Islands in 2000, and has paid in capital of USD13,558,901 (including share premium of USD13,533,901).(Note1)

(Continued)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
GLO	VX Mold Co., Ltd. (VXM)	Investment holding.	93.00 %	93.00 %	93.00 %	VX Mold Co., Ltd., was established in British Virgin Islands in 1999, and has paid in capital of USD400,000.(Note1)
GLO	Lotus Footwear Enterprises Limited (LUH)	Investment holding business, and manufacturing and selling of finished shoes.	88.00 %	88.00 %	88.00 %	Lotus Footwear Enterprises Ltd., was established in British Virgin Islands in 2006, and has paid in capital of USD79,141,400 (including share premium of USD79,102,741).
VXH	Dona Victor Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Dona Victor Footwear Co., Ltd., was established in Vietnam in 1994, and has paid in capital of USD35,400,000.
DOH	Vietnam Dona Orient Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Vietnam Dona Orient Co.,Ltd., was established in Vietnam in 2003, and has paid in capital of USD44,000,000.
DOH	Vietnam Dona Standard Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Vietnam Dona Standard Footwear Co., Ltd., was established in Vietnam in 2006, and has paid in capital of USD75,700,000.
DOH	Vung Tau Orient Co., Ltd.	Manufactures golf balls, soccer balls, backpack and bags.	100.00 %	100.00 %	100.00 %	Vung Tau Orient Co., Ltd., was established in Vietnam in 2005, and has paid in capital of USD33,000,000.(Note1)
DOH	Hold Gold Trading Co., Ltd.	Selling of finished shoes, golf balls, backpack, bags and soccer balls.	- %	- %	- %	Hold Gold Trading Co.,Ltd., was established in British Virgin Islands in 2010, and has paid in capital of USD100,000 (including share premium of USD99,900). (Note1) 、(Note2)
DOH	Vietnam Nam Ha Footwear Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Vietnam Nam Ha Footwear Co., Ltd., was established in Vietnam in 2019, and has paid in capital of USD54,000,000.(Note1)
DPH	Dona Pacific (Vietnam) Co., Ltd.	Manufactures athletic shoes, semi-finished footwear, and footwear accessories.	100.00 %	100.00 %	100.00 %	Dona Pacific (Vietnam) Co., Ltd., was established in Vietnam in 2000, and has paid in capital of USD20,000,000.
VXM	Dona Victor Molds MFG. Co., Ltd.	Manufactures and repairs molds, cutting dies, and processing of metal parts.	100.00 %	100.00 %	100.00 %	Dona Victor Molds MFG. Co., Ltd., was established in Vietnam in 1999, and has paid in capital of USD3,100,000.(Note1)

(Continued)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
GLO and LUH	Cheyay SEZ Developers Private Ltd.	Development in India's Industrial Park.	100.00 %	100.00 %	100.00 %	Cheyay SEZ Developers Private Ltd., was established in Indian in 2006, and has paid in capital of USD119,893,561.(Note1)
LUH	East Wind Footwear Co., Ltd.	Investment holding and production of athletic shoes.	100.00 %	100.00 %	100.00 %	East Wind Footwear Co., Ltd., was established in British Virgin Islands in 2010, and has paid in capital of USD16,532,207 (including share premium of USD16,522,456).
LUH	Fairway Enterprises Co., Ltd.	Investment holding and production of athletic shoes.	100.00 %	100.00 %	100.00 %	Fairway Enterprises Co., Ltd., was established in British Virgin Islands in 2014, and has paid in capital of USD47,093,307 (including share premium of USD47,063,806).

Note1: This company is an non-significant subsidiary, its financial statements have not been reviewed.

Note2: This subsidiary was dissolved in April 2022.

(ii) Subsidiaries excluded from the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(Continued)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash	\$ 1,008	1,165	2,658
Demand deposits and check deposit	2,364,885	1,922,997	1,735,482
Time deposits	<u>2,469,105</u>	<u>3,151,933</u>	<u>2,667,215</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 4,834,998</u>	<u>5,076,095</u>	<u>4,405,355</u>

Please refer to Note (6)(t) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Accounts receivable (including related parties)

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable—measured at amortized cost	\$ 8,224,487	8,801,296	10,340,312
Less: Allowance for credit loss	<u>(7,972)</u>	<u>(7,972)</u>	<u>-</u>
	<u>\$ 8,216,515</u>	<u>8,793,324</u>	<u>10,340,312</u>

(Continued)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for accounts receivable was as follows:

	For the nine months ended September 30	
	2023	2022
Balance on January 1	\$ 7,972	-
Impairment losses recognized	-	-
Balance on September 30	<u>\$ 7,972</u>	<u>-</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the accounts receivable of the Group were not pledged as collateral for its loan.

(c) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 3,434,588	4,066,297	5,301,665
Work in process	1,246,434	1,156,759	1,124,621
Finished goods	3,125,778	2,793,327	2,216,698
Merchandise inventory	109,379	129,915	228,250
Inventory in transit	1,119,837	955,771	1,234,080
Others	3,899	2,125	7,157
	<u>\$ 9,039,915</u>	<u>9,104,194</u>	<u>10,112,471</u>

The details of operating cost were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Cost of goods sold	\$ 17,994,950	19,684,332	50,419,525	55,272,651
Net losses (gains) on inventories	650	(19)	258	411
Inventory scrap loss	99,095	1,851	247,319	4,644
Revenue from sale of scraps	(27,953)	(72,692)	(72,044)	(167,065)
Losses on obsolescence and inventory valuation	13,135	22,648	103,074	42,192
Total	<u>\$ 18,079,877</u>	<u>19,636,120</u>	<u>50,698,132</u>	<u>55,152,833</u>

Write-downs of inventories were due to the sluggish, obsolete, or unusable inventory, wherein the amount of the net realizable value of the inventory which were lower than the cost was recognized as operating costs.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the inventory of the Group was not pledged as collateral for its loan.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Joint ventures	<u>\$ 1,095,329</u>	<u>1,051,389</u>	<u>1,023,679</u>

(i) Joint ventures

Shoe Majesty Co., Ltd. is a joint venture under the Group's joint arrangements. The Group classified the joint agreement as a joint venture using the equity method.

The Group's financial information for investments accounted for using the equity method that were individually insignificant was as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Individually insignificant joint venture	<u>\$ 1,095,329</u>	<u>1,051,389</u>	<u>1,023,679</u>

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Attributable to the Group:				
Profit from continuing operation	\$ 26,707	80,801	37,595	192,696
Other comprehensive income	35,041	58,257	47,685	109,572
Comprehensive income	<u>\$ 61,748</u>	<u>139,058</u>	<u>85,280</u>	<u>302,268</u>

(ii) Collateral

As of September 30, 2023, December 31, 2022 and September 30, 2022, the investment accounted for using equity method of the Group was not pledged as collateral for its loan.

(iii) The unreviewed financial statements of investments accounted for using equity method

Investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Material non-controlling interest of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Da Feng Holdings Co., Ltd.	China	30.00 %	30.00 %	30.00 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in this information are the fair value adjustment made during the acquisition and the relevant difference in accounting principles between the Group and its subsidiaries as at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) Da Feng Holdings Co., Ltd.'s collective financial information:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	
	Current assets	\$ 47,524	793,011	34,447
Non-current assets	2,647,013	2,112,137	2,787,649	
Current liabilities	(35,780)	(48,194)	(35,449)	
Net assets	<u>\$ 2,658,757</u>	<u>2,856,954</u>	<u>2,786,647</u>	
Non-controlling interests	<u>\$ 797,627</u>	<u>857,086</u>	<u>835,994</u>	
	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income	\$ 153,673	388,039	491,941	976,944
Other comprehensive income	111,627	58,093	81,451	149,600
Comprehensive income	<u>\$ 265,300</u>	<u>446,132</u>	<u>573,392</u>	<u>1,126,544</u>
Profit, attributable to non-controlling interests	<u>\$ 46,102</u>	<u>116,411</u>	<u>147,582</u>	<u>293,083</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 79,590</u>	<u>133,839</u>	<u>172,018</u>	<u>337,963</u>
Net cash flows from operating activities	\$ 14,197	13,490	7,447	2,964
Net cash flows from investing activities	272,292	(120,612)	729,181	959,008
Net cash flows from financing activities	(382,464)	39,998	(741,827)	(1,149,601)
Net decrease in cash and cash equivalents	<u>\$ (95,975)</u>	<u>(67,124)</u>	<u>(5,199)</u>	<u>(187,629)</u>
Cash dividends to non-controlling interests	<u>\$ 114,739</u>	<u>-</u>	<u>222,548</u>	<u>344,880</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2023 and 2022 were as follows:

	Land	Buildings	Machinery and equipment	Computer and communication equipment	Test equipment	Transportation equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:										
Balance on January 1, 2023	\$ 1,627,127	14,768,244	22,355,304	503,148	116,842	564,300	623,809	103,495	2,169,304	42,831,573
Additions	-	9,622	102,243	18,545	2,523	23,500	19,153	4,620	2,927,786	3,107,992
Disposals	(132)	(190,560)	(621,460)	(13,483)	(3,748)	(12,725)	(20,512)	(6,769)	-	(869,389)
Reclassifications	-	494,585	802,674	13,106	3,692	123,110	16,924	3,037	(1,454,911)	2,217
Effect of changes in foreign exchange rates	21,191	563,936	1,027,614	17,090	-	29,834	33,689	1,388	155,398	1,850,140
Balance on September 30, 2023	<u>\$ 1,648,186</u>	<u>15,645,827</u>	<u>23,666,375</u>	<u>538,406</u>	<u>119,309</u>	<u>728,019</u>	<u>673,063</u>	<u>105,771</u>	<u>3,797,577</u>	<u>46,922,533</u>
Balance on January 1, 2022	\$ 1,585,956	13,272,490	19,511,422	439,680	113,563	441,603	526,556	88,908	839,820	36,819,998
Additions	-	79,113	249,830	21,392	6,382	20,450	30,581	2,120	2,241,037	2,650,905
Disposals	-	(36,056)	(471,083)	(12,900)	(6,335)	(13,906)	(5,821)	(2,126)	-	(548,227)
Reclassifications	-	559,351	1,160,482	19,314	2,858	56,095	23,125	7,197	(1,821,650)	6,772
Effect of changes in foreign exchange rates	55,302	1,236,189	2,480,316	39,583	-	56,195	63,421	4,074	67,799	4,002,879
Balance on September 30, 2022	<u>\$ 1,641,258</u>	<u>15,111,087</u>	<u>22,930,967</u>	<u>507,069</u>	<u>116,468</u>	<u>560,437</u>	<u>637,862</u>	<u>100,173</u>	<u>1,327,006</u>	<u>42,932,327</u>
Depreciation and impairment loss:										
Balance on January 1, 2023	\$ -	7,425,458	13,398,726	379,888	98,291	269,135	477,124	78,694	-	22,127,316
Depreciation	-	434,610	1,535,997	37,747	6,429	56,064	42,172	4,999	-	2,118,018
Impairment loss	-	-	4,754	-	-	-	-	-	-	4,754
Disposals	-	(174,259)	(531,606)	(13,050)	(3,630)	(10,613)	(18,730)	(5,904)	-	(757,792)
Reclassifications	-	-	-	-	-	-	-	2,169	-	2,169
Effect of changes in foreign exchange rates	-	277,531	531,968	12,746	-	12,860	21,433	985	-	857,523
Balance on September 30, 2023	<u>\$ -</u>	<u>7,963,340</u>	<u>14,939,839</u>	<u>417,331</u>	<u>101,090</u>	<u>327,446</u>	<u>521,999</u>	<u>80,943</u>	<u>-</u>	<u>24,351,988</u>
Balance on January 1, 2022	\$ -	6,529,458	11,127,462	333,398	95,845	208,504	401,377	64,239	-	18,760,283
Depreciation	-	404,138	1,485,900	37,881	6,753	42,808	39,100	5,285	-	2,021,865
Impairment loss	-	-	8,686	61	-	31	1	-	-	8,779
Disposals	-	(31,107)	(377,602)	(11,874)	(6,028)	(12,466)	(5,480)	(1,814)	-	(446,371)
Reclassifications	-	-	-	11	-	(11)	-	6,772	-	6,772
Effect of changes in foreign exchange rates	-	590,875	1,320,272	28,911	-	24,234	47,241	2,875	-	2,014,408
Balance on September 30, 2022	<u>\$ -</u>	<u>7,493,364</u>	<u>13,564,718</u>	<u>388,388</u>	<u>96,570</u>	<u>263,100</u>	<u>482,239</u>	<u>77,357</u>	<u>-</u>	<u>22,365,736</u>
Carrying amounts:										
Balance on January 1, 2023	\$ 1,627,127	7,342,786	8,956,578	123,260	18,551	295,165	146,685	24,801	2,169,304	20,704,257
Balance on September 30, 2023	<u>\$ 1,648,186</u>	<u>7,682,487</u>	<u>8,726,536</u>	<u>121,075</u>	<u>18,219</u>	<u>400,573</u>	<u>151,064</u>	<u>24,828</u>	<u>3,797,577</u>	<u>22,570,545</u>
Balance on January 1, 2022	\$ 1,585,956	6,743,032	8,383,960	106,282	17,718	233,099	125,179	24,669	839,820	18,059,715
Balance on September 30, 2022	<u>\$ 1,641,258</u>	<u>7,617,723</u>	<u>9,366,249</u>	<u>118,681</u>	<u>19,898</u>	<u>297,337</u>	<u>155,623</u>	<u>22,816</u>	<u>1,327,006</u>	<u>20,566,591</u>

For the time being, a portion of the Company's land assets cannot be held in the name of the Company under the law; therefore, they have been respectively registered in the name of trustees—Chien-Hung Wang, Chairman of the Company, and Chien-Rong Wang, Vice Chairman of the Company, with whom the Company has entered into an agreement prescribing the rights and obligations of both parties. The land has been pledged to the Company. An amount of \$7,121 thousand was recognized as cost of land.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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As of September 30, 2023, December 31, 2022 and September 30, 2022 the property, plant and equipment of the Group were not pledged as collateral for its loan.

(g) Right-of-use assets

The Group leases assets, including parking lots, office, plants, warehouses and telephone sets. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2023	\$ 1,895,108	80,766	15,242	4,660	1,995,776
Additions	-	9,669	-	-	9,669
Disposal/Write-off	(46,570)	-	-	-	(46,570)
Reclassification	-	-	-	(2,217)	(2,217)
Effect of changes in foreign exchange rates	84,822	2,581	775	125	88,303
Balance on September 30, 2023	<u>\$ 1,933,360</u>	<u>93,016</u>	<u>16,017</u>	<u>2,568</u>	<u>2,044,961</u>
Balance on January 1, 2022	\$ 1,697,289	84,697	13,736	11,001	1,806,723
Additions	8,769	-	-	1,023	9,792
Reclassification	-	-	-	(6,772)	(6,772)
Effect of changes in foreign exchange rates	183,546	(2,287)	2,023	194	183,476
Balance on September 30, 2022	<u>\$ 1,889,604</u>	<u>82,410</u>	<u>15,759</u>	<u>5,446</u>	<u>1,993,219</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2023	\$ 182,603	39,925	6,017	3,060	231,605
Depreciation	36,409	22,671	1,823	312	61,215
Disposal/Write-off	(14,126)	-	-	-	(14,126)
Reclassification	-	-	-	(2,169)	(2,169)
Effect of changes in foreign exchange rates	8,659	1,884	379	60	10,982
Balance on September 30, 2023	<u>\$ 213,545</u>	<u>64,480</u>	<u>8,219</u>	<u>1,263</u>	<u>287,507</u>
Balance on January 1, 2022	\$ 124,762	19,383	3,253	9,127	156,525
Depreciation	35,727	19,996	1,729	1,210	58,662
Reclassification	-	-	-	(6,772)	(6,772)
Effect of changes in foreign exchange rates	14,275	(5,424)	617	92	9,560
Balance on September 30, 2022	<u>\$ 174,764</u>	<u>33,955</u>	<u>5,599</u>	<u>3,657</u>	<u>217,975</u>
Carrying amount:					
Balance on January 1, 2023	<u>\$ 1,712,505</u>	<u>40,841</u>	<u>9,225</u>	<u>1,600</u>	<u>1,764,171</u>
Balance on September 30, 2023	<u>\$ 1,719,815</u>	<u>28,536</u>	<u>7,798</u>	<u>1,305</u>	<u>1,757,454</u>
Balance on January 1, 2022	<u>\$ 1,572,527</u>	<u>65,314</u>	<u>10,483</u>	<u>1,874</u>	<u>1,650,198</u>
Balance on September 30, 2022	<u>\$ 1,714,840</u>	<u>48,455</u>	<u>10,160</u>	<u>1,789</u>	<u>1,775,244</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(h) Investment property

The cost, depreciation, and impairment of the Investment property of the Group for the nine months ended September 30, 2023 and 2022 were as follows:

	<u>Owned property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Cost:			
Balance on January 1, 2023	\$ 16,019	412,878	428,897
Effect of changes in foreign exchange rates	466	8,676	9,142
Balance on September 30, 2023	<u>\$ 16,485</u>	<u>421,554</u>	<u>438,039</u>
Balance on January 1, 2022	\$ 15,114	404,663	419,777
Effect of changes in foreign exchange rates	1,216	14,511	15,727
Balance on September 30, 2022	<u>\$ 16,330</u>	<u>419,174</u>	<u>435,504</u>
Accumulated depreciation and impairment losses:			
Balance on January 1, 2023	\$ -	360,218	360,218
Depreciation	-	247	247
Effect of changes in foreign exchange rates	-	5,424	5,424
Balance on September 30, 2023	<u>\$ -</u>	<u>365,889</u>	<u>365,889</u>
Balance on January 1, 2022	\$ -	355,773	355,773
Depreciation	-	235	235
Effect of changes in foreign exchange rates	-	10,166	10,166
Balance on September 30, 2022	<u>\$ -</u>	<u>366,174</u>	<u>366,174</u>
Carrying amount:			
Balance on January 1, 2023	<u>\$ 16,019</u>	<u>52,660</u>	<u>68,679</u>
Balance on September 30, 2023	<u>\$ 16,485</u>	<u>55,665</u>	<u>72,150</u>
Balance on January 1, 2022	<u>\$ 15,114</u>	<u>48,890</u>	<u>64,004</u>
Balance on September 30, 2022	<u>\$ 16,330</u>	<u>53,000</u>	<u>69,330</u>

There was no significant difference between the fair value of the investment property of the Group and the information disclosed in Note (6)(h) of the consolidated financial report for the year ended December 31, 2022.

In November 2020, the Group entered into a purchase intent contract whereby the buyer, which was a company, promised to purchase real estate in Yuanhong City from the Group by phases. In January 2021, the transfer of ownership, the first phase of the transaction, has been completed, and \$109,597 thousand was recognized as proceeds from disposal.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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In December 2021, the buyer failed to complete the transaction within 360 days after the date on which the contract was entered into. Therefore, the Group issued a contract termination letter to the buyer but did not receive any response. The Group consulted the lawyer, and the lawyer judged that the buyer had already abandoned the purchase of the real estate in Yuanhong City. According to the liability clauses specified in the contract, the Group filed a claim for a liquidated damages of CNY5,000,000 against the buyer and the Group received a deposit of CNY3,000,000, which was accounted for as a portion of the liquidated damages and allocated to the three sellers, in proportion to the amount of the transaction's uncompleted part, and therefore the Group recognized CNY2,162,851 as other income. The Group decided not to pursue the remaining liquidated damages amounted of CNY2,000,000 from the buyer in April 22 after a comprehensive assessment of the low probability of winning the case.

Investment property includes commercial property held for value appreciation.

The fair value of commercial property was evaluated by a qualified independent valuation expert based on market value.

The land held for value appreciation was evaluated based on the publicly available average price of latest transactions, public information, and the cost to reacquire the subject matter on the transaction date. In addition, the current status, economy, function, and other factors of the subject matter were taken into consideration to estimate its value.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Investment property of the Group was not pledged as collateral for its loans.

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the nine months ended September 30, 2023 and 2022 were as follows:

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Costs			
Balance on January 1, 2023	\$ 431,047	334,591	765,638
Additions	-	23,157	23,157
Disposal / Obsolescence	-	(20,001)	(20,001)
Effect of changes in foreign exchange rates	<u>6,053</u>	<u>11,444</u>	<u>17,497</u>
Balance on September 30, 2023	<u>\$ 437,100</u>	<u>349,191</u>	<u>786,291</u>
Balance on January 1, 2022	\$ 419,291	318,596	737,887
Additions	-	38,958	38,958
Disposal / Obsolescence	-	(29,502)	(29,502)
Effect of changes in foreign exchange rates	<u>15,791</u>	<u>27,673</u>	<u>43,464</u>
Balance on September 30, 2022	<u>\$ 435,082</u>	<u>355,725</u>	<u>790,807</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Accumulated amortization and impairment losses			
Balance on January 1, 2023	\$ 115,323	229,732	345,055
Amortization	-	40,377	40,377
Disposal / Obsolescence	-	(20,001)	(20,001)
Effect of changes in foreign exchange rates	<u>5,746</u>	<u>8,737</u>	<u>14,483</u>
Balance on September 30, 2023	<u>\$ 121,069</u>	<u>258,845</u>	<u>379,914</u>
Balance on January 1, 2022	\$ 104,161	232,519	336,680
Amortization	-	37,224	37,224
Disposal / Obsolescence	-	(27,732)	(27,732)
Effect of changes in foreign exchange rates	<u>14,993</u>	<u>21,080</u>	<u>36,073</u>
Balance on September 30, 2022	<u>\$ 119,154</u>	<u>263,091</u>	<u>382,245</u>
Carrying amounts:			
Balance on January 1, 2023	<u>\$ 315,724</u>	<u>104,859</u>	<u>420,583</u>
Balance on September 30, 2023	<u>\$ 316,031</u>	<u>90,346</u>	<u>406,377</u>
Balance on January 1, 2022	<u>\$ 315,130</u>	<u>86,077</u>	<u>401,207</u>
Balance on September 30, 2022	<u>\$ 315,928</u>	<u>92,634</u>	<u>408,562</u>

The Group determined whether an impairment loss of goodwill shall be recognized based on experience and actual operating results. As of September 30, 2023, December 31, 2022 and September 30, 2022, no impairment loss has been recognized.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured bank loans	<u>\$ 5,744,803</u>	<u>435,372</u>	<u>3,661,910</u>
Range of interest rates	<u>1.53%~6.37%</u>	<u>3.60%~5.62%</u>	<u>1.28%~4.20%</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Long-term borrowings

The details were as follows:

	Currency	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loans	TWD	\$ -	852,000	-
Unsecured bank loans	USD	1,992,162	1,554,462	1,781,540
Other long-term borrowings	INR	118,229	119,031	121,821
		2,110,391	2,525,493	1,903,361
Less: current portion		(59,265)	(14,481)	(14,776)
Total		<u>\$ 2,051,126</u>	<u>2,511,012</u>	<u>1,888,585</u>
Range of interest rates		<u>0.10%~6.72%</u>	<u>0.10%~5.52%</u>	<u>0.10%~4.40%</u>
Period		<u>2024~2026</u>	<u>2023~2026</u>	<u>2023~2026</u>

(l) Lease liabilities

The Group lease liabilities were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u>\$ 32,455</u>	<u>34,934</u>	<u>35,582</u>
Non-current	<u>\$ 515,101</u>	<u>549,238</u>	<u>564,038</u>

For the maturities analysis, please refer to Note (6)(t).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2023	2023	2022
Interest on lease liabilities	<u>\$ 12,935</u>	<u>12,812</u>	<u>38,109</u>	<u>37,095</u>

The amounts recognized in the statement of cash flows by the Group were as follows:

	For the nine months ended September 30	
	2023	2022
Total cash outflow for leases	<u>\$ 75,316</u>	<u>80,996</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(i) Real estate leases

The Group leases land and buildings for its parking, office, factory and warehouse. The leases of office space typically run for a period of 1 to 99 years. Some leases include an option to renew the lease term for the same duration at the end of the original contractual period.

(ii) Other leases

The Group leased photocopiers with lease terms of eight years.

(m) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The expenses recognized in profit or loss for the Group amounted to \$198,619 thousand, \$126,200 thousand, \$536,388 thousand and \$373,025 thousand for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, respectively.

(ii) Defined contribution plans

The pension costs incurred from the contributions to the pension plans amounted to \$268,586 thousand, \$283,174 thousand, \$765,567 thousand and \$793,030 thousand for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, respectively.

(n) Income taxes

The details of the Group's income tax expense were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Current tax expense				
Current period	\$ 559,236	837,429	1,891,235	2,631,870
Adjustment for prior periods	81,521	(2,360)	(140,121)	(7,004)
	<u>640,757</u>	<u>835,069</u>	<u>1,751,114</u>	<u>2,624,866</u>
Deferred tax expense				
Origination and reversal of temporary differences	(55,562)	271,541	(692,980)	344,771
Income tax expense	<u>\$ 585,195</u>	<u>1,106,610</u>	<u>1,058,134</u>	<u>2,969,637</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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The amount of income tax recognized in other comprehensive income for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	\$ <u>(3,183)</u>	<u>(5,292)</u>	<u>(4,331)</u>	<u>(9,953)</u>

The Company's tax returns for the years up to 2021 have been assessed by the R.O.C. tax authorities.

In 2021, the dividends distributed by the subsidiaries of the Group are applicable to the regulations on repatriation of funds, the dividend amount is \$1,506,230 thousand, the tax rate is 10%, and the tax incentive amount is \$152,272 thousand. The amounts of restricted assets under the regulations on repatriation of funds on December 31, 2022 and September 30, 2022, were \$497,387 thousand and \$513,540 thousand, respectively, which is recognized under other current financial assets.

For the year of 2011 to 2020, some of the Group's subsidiaries were embroiled in disputes with tax authorities over tax returns, and the amended amounts thereof had been approved and adjusted for the respective years of approval. Each subsidiary has filed an administrative relief application, which has been under review by the authorities concerned.

For the years from 2006 to 2013, some of the Group's subsidiaries in Mainland China were involved in disputes with the local tax authorities over tax returns, against which, each of the subsidiaries has estimated income tax expenses in 2016, filed a defense and negotiated with the tax authorities. Moreover, a final proposal has been reached with the tax authorities in March 2023, in which the tax expenses were approved and adjusted according to what had been agreed upon.

The Group's income tax returns must be filed individually by each entity instead of on a consolidated basis; consequently, the Group's income taxes were calculated using the local tax rate applicable to each entity.

(o) Capital and other equity

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Company's total rated share capital was \$12,000,000 thousand, \$9,000,000 thousand, and \$9,000,000 thousand, each with par value of \$10, and the number of shares was 1,200,000 thousand ordinary shares, \$900,000 thousand ordinary shares and \$900,000 thousand ordinary shares, respectively. The aforementioned aggregate amount of rated equity is all ordinary shares. The issued shares are 987,483 thousand ordinary shares, 881,681 thousand ordinary shares and 881,681 thousand ordinary shares, respectively, all the consideration for issued shares has been received.

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Reconciliations of shares outstanding for the nine months ended September 30, 2023 and 2022 is as follows:

(Expressed in thousands of shares)	Ordinary shares	
	For the nine months ended	
	September 30	
	2023	2022
Balance on January 1	881,681	881,681
Stock dividend	105,802	-
Balance on September 30	987,483	881,681
Number of shares after adjustment		987,483

(i) Ordinary shares

The Group transferred its unappropriated retained earnings of \$1,058,017 thousand to its capital, with the base date set on August 11, 2023, based on the resolution decided during the shareholders' meeting held on June 21, 2023, with the approval of the Financial Supervisory Commission. The relevant statutory registration procedures had been completed.

(ii) Capital surplus

The details of capital surplus were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Treasury share transactions	\$ 4,143	4,143	4,143
Gain on disposal of assets	32,980	32,980	32,980
Capital surplus-premium from merger	2,160	2,160	2,160
Donation from shareholders	3,610	3,617	2,765
Issued shares of subsidiaries not recognized in proportion to shareholding	7,654	8,260	8,866
Difference between consideration and carrying amount of subsidiaries acquired or disposed	183	-	-
	\$ 50,730	51,160	50,914

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(iii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of annual net earnings, after deducting accumulated deficit, shall be set aside as a legal reserve and a special reserve shall be appropriated or reserved pursuant to laws or regulations. A portion or all of the remainder, together with the unappropriated retained earnings for the prior year, may be further distributed as dividends.

Since the Company is experiencing stable growth, in response to its long term financial planning, as well as its objective to achieve stable development and sustainable operation, it is necessary for the Board of Directors to propose a dividend distribution plan based on budget and capital demand of the following year, and have it resolved at the shareholders' meeting. Dividend distribution shall account for no less than 50% of distributable earnings, and stock dividends shall not exceed 80% of the distribution.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. However, if the Company has set aside a special earnings reserve pursuant to the provisions of the preceding paragraph, it shall make a supplement to the difference between the stated reduction amount and the net of other equity. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On June 21, 2023, and June 17, 2022, the Company's shareholder's meetings resolved to distribute the 2022 and 2021 earnings, respectively. These earnings were appropriated as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount (dollar)</u>	<u>Total</u>	<u>Amount (dollar)</u>	<u>Total</u>
Dividends distributed to ordinary shareholders				
Cash	\$ 7.70	6,788,944	4.10	3,614,893
Shares	1.20	<u>1,058,017</u>	-	<u>-</u>
Total		<u>\$ 7,846,961</u>		<u>3,614,893</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(iv) Other equity interest after tax

	Exchange differences on translation of foreign financial statement
Balance on January 1, 2023	\$ (1,053,529)
Exchange differences on translation of foreign financial statement	<u>1,054,605</u>
Balance on September 30, 2023	\$ <u>1,076</u>
Balance on January 1, 2022	\$ (2,559,457)
Exchange differences on translation of foreign financial statement	<u>2,280,885</u>
Balance on September 30, 2022	\$ <u>(278,572)</u>

(v) Non-controlling interests (NCIs)

	For the nine months ended September 30	
	2023	2022
Balance on January 1	\$ 1,880,573	1,758,492
Shares attributed to non-controlling interests		
Net profit	373,931	590,201
Foreign currency translation differences for foreign operations	65,205	107,668
Changes in ownership interests in subsidiaries	9,143	17,049
Cash dividends paid to NCIs by subsidiaries	(471,440)	(577,666)
Capital returned to NCIs by subsidiaries on capital reduction	<u>-</u>	<u>(26,439)</u>
Balance on September 30	\$ <u>1,857,412</u>	<u>1,869,305</u>

(p) Earnings per share

For the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, the Company's basic earnings per share were calculated as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Basic earnings per share				
Net profit attributable to ordinary shareholders of the Company	\$ <u>1,688,883</u>	<u>2,722,300</u>	<u>3,635,293</u>	<u>7,377,915</u>
Weighted average number of ordinary shares (basic)	<u>987,483</u>	<u>987,483</u>	<u>987,483</u>	<u>987,483</u>
Basic earnings per share (dollars)	\$ <u>1.71</u>	<u>2.76</u>	<u>3.68</u>	<u>7.47</u>

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The Company did not intend to calculate diluted earnings per share on the assumption that, the compensation to employees and directors for the year ended December 31, 2023, was distributed in cash using the same method for the preceding three years.

(q) Revenue from contracts with customer

(i) Disaggregation of revenue

	For the three months ended September 30, 2023		
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 17,144,623	525,229	17,669,852
America	1,808,873	262,217	2,071,090
Switzerland	1,028,387	258	1,028,645
Mainland China	1,027,140	5,065	1,032,205
Mexico	522,784	11,657	534,441
Other countries	499,194	237,469	736,663
	\$ 22,031,001	1,041,895	23,072,896
Major products/services lines			
Manufacturing and sale of footwear	\$ 22,031,001	-	22,031,001
Other	-	1,041,895	1,041,895
	\$ 22,031,001	1,041,895	23,072,896
	For the three months ended September 30, 2022		
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 18,706,565	498,964	19,205,529
America	2,516,966	321,028	2,837,994
Mainland China	1,244,808	4,946	1,249,754
Switzerland	1,098,532	-	1,098,532
Mexico	585,175	9,950	595,125
Other countries	608,072	286,153	894,225
	\$ 24,760,118	1,121,041	25,881,159
Major products/services lines			
Manufacturing and sale of footwear	\$ 24,760,118	-	24,760,118
Other	-	1,121,041	1,121,041
	\$ 24,760,118	1,121,041	25,881,159

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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For the nine months ended September 30, 2023			
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 45,387,504	1,512,118	46,899,622
America	5,711,210	778,662	6,489,872
Switzerland	3,243,240	258	3,243,498
Mainland China	2,566,278	17,763	2,584,041
Mexico	1,326,593	33,406	1,359,999
Other countries	<u>1,759,322</u>	<u>895,718</u>	<u>2,655,040</u>
	<u>\$ 59,994,147</u>	<u>3,237,925</u>	<u>63,232,072</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 59,994,147	-	59,994,147
Others	<u>-</u>	<u>3,237,925</u>	<u>3,237,925</u>
	<u>\$ 59,994,147</u>	<u>3,237,925</u>	<u>63,232,072</u>
For the nine months ended September 30, 2022			
	Segments of footwear manufacturing and sales	Other Segments	Total
Primary geographical markets			
Singapore	\$ 52,778,859	1,427,075	54,205,934
America	7,329,276	841,065	8,170,341
Mainland China	3,700,255	5,875	3,706,130
Switzerland	2,726,554	2,233	2,728,787
Mexico	1,399,982	23,229	1,423,211
Other countries	<u>1,976,790</u>	<u>828,307</u>	<u>2,805,097</u>
	<u>\$ 69,911,716</u>	<u>3,127,784</u>	<u>73,039,500</u>
Major products/services lines			
Manufacturing and sale of footwear	\$ 69,911,716	-	69,911,716
Others	<u>-</u>	<u>3,127,784</u>	<u>3,127,784</u>
	<u>\$ 69,911,716</u>	<u>3,127,784</u>	<u>73,039,500</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Accounts receivable(including related parties)	\$ 8,224,487	8,801,296	10,340,312
Less: allowance for credit loss	<u>(7,972)</u>	<u>(7,972)</u>	<u>-</u>
Total	<u>\$ 8,216,515</u>	<u>8,793,324</u>	<u>10,340,312</u>
Contract liabilities	<u>\$ 760</u>	<u>317</u>	<u>380</u>

Please refer to Note (6)(b) for the disclosure of accounts receivable and impairment.

(r) Compensation to employees and directors

The Company's Articles of Incorporation stipulate that if there is profit for the year, then, a minimum of 2.0% shall be allocated as employee compensation and a maximum of 1.8% as director compensation.

The Company estimated its employee compensation at respectively \$40,942 thousand, \$117,600 thousand, \$119,798 thousand and \$336,000 thousand for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, and estimated its director compensation at \$39,785 thousand, \$63,235 thousand, \$84,295 thousand and \$168,912 thousand for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, respectively. The estimated amounts, recognized as operating costs or expenses, were based on net profit before tax of for the respective periods, multiplied by the percentage of compensation to employees and directors, as specified in the Articles of Incorporation. If the actual amounts differ from the estimated amounts, the differences shall be accounted for as changes in accounting estimates and recognized as profit or loss in the next year.

For the years ended December 31, 2022 and 2021, the remunerations to employees amounted to \$270,000 thousand and \$185,000 thousand; and directors amounted to \$145,080 thousand and \$98,280 thousand, respectively. The information is available on the Market Observation Post System website. There was no difference between the amounts approved by Board of Directors.

(s) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 were as follows:

	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 33,053</u>	<u>15,096</u>	<u>95,321</u>	<u>40,004</u>

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

The details of the Group's other income for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Rent income	\$ 804	847	2,460	2,571
Government subsidy	7,113	152,963	25,764	179,325
Income from export incentives	-	9,703	-	39,850
Other income	112,055	98,652	330,288	353,244
	<u>\$ 119,972</u>	<u>262,165</u>	<u>358,512</u>	<u>574,990</u>

(iii) Other gains and losses

The details of the Group's other gains and losses for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 406,310	770,096	566,823	1,630,638
Losses on disposal of property, plant and equipment	(5,418)	(5,509)	(23,122)	(19,380)
Impairment loss	(3,929)	(6,500)	(4,754)	(8,779)
Profit from lease modification	-	-	1,226	-
Others	(46,899)	7,454	(72,301)	(9,896)
	<u>\$ 350,064</u>	<u>765,541</u>	<u>467,872</u>	<u>1,592,583</u>

(iv) Financial costs

The details of the Group's financial costs for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest expense	\$ 71,596	49,174	181,090	119,989

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Financial instruments

(i) Credit risks

1) Credit risk exposure

The carrying amounts of financial assets represented the maximum credit risk exposure of the Group.

2) The concentration of credit risk

On September 30, 2023, December 31, 2022 and September 30, 2022, 73%, 71% and 72% of the Group's total receivables were concentrated within a single overseas customer.

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
September 30, 2023							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 4,456,065	4,456,065	4,453,123	2,942	-	-	-
Other payables	4,881,304	4,881,304	4,704,076	123,573	52,703	952	-
Unsecured bank loans	7,736,965	8,004,052	5,692,934	197,558	2,113,560	-	-
Other long-term borrowings	118,229	118,406	59	59,295	59	58,993	-
Lease liabilities	547,556	1,437,989	55,798	28,050	62,971	166,511	1,124,659
	<u>\$ 17,740,119</u>	<u>18,897,816</u>	<u>14,905,990</u>	<u>411,418</u>	<u>2,229,293</u>	<u>226,456</u>	<u>1,124,659</u>
December 31, 2022							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 3,941,237	3,941,237	3,930,959	10,278	-	-	-
Other payables	6,442,332	6,442,332	6,442,167	165	-	-	-
Unsecured bank loans	2,841,834	3,015,952	338,049	204,239	2,473,664	-	-
Other long-term borrowings	119,031	119,265	14,532	53	52,757	51,923	-
Lease liabilities	584,172	1,469,684	51,678	33,245	74,415	172,820	1,137,526
	<u>\$ 13,928,606</u>	<u>14,988,470</u>	<u>10,777,385</u>	<u>247,980</u>	<u>2,600,836</u>	<u>224,743</u>	<u>1,137,526</u>
September 30, 2022							
Non-derivative financial liabilities							
Notes and accounts payable	\$ 4,868,337	4,868,337	4,857,938	8,233	2,166	-	-
Other payables	5,821,884	5,821,884	5,805,009	16,875	-	-	-
Unsecured bank loans	5,443,450	5,594,712	3,543,665	199,923	1,851,124	-	-
Other long-term borrowings	121,821	122,096	61	14,830	54,110	53,095	-
Lease liabilities	599,620	1,528,409	56,486	30,905	83,112	178,428	1,179,478
	<u>\$ 16,855,112</u>	<u>17,935,438</u>	<u>14,263,159</u>	<u>270,766</u>	<u>1,990,512</u>	<u>231,523</u>	<u>1,179,478</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risks

1) Exposure to currency risks

		September 30, 2023		
		Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	261,357	USD : TWD 32.220	8,420,933
		33,923	USD : CNY 7.1798	1,093,013
		0.13	USD : VND 24,290	4
VND		593,529,702	VND : USD 0.00004	771,589
INR		2,104,022	INR : USD 0.0120	816,150
IDR		57,424,189	IDR : USD 0.0001	120,591
<u>Non-monetary items</u>				
USD		33,995	USD : TWD 32.220	1,095,329
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		33,300	USD : TWD 32.220	1,072,922
		9,531	USD : CNY 7.1798	307,079
		130	USD : VND 24,290	4,176
VND		1,541,340,952	VND : USD 0.00004	2,003,743
INR		3,402,733	INR : USD 0.0120	1,319,920
IDR		1,260,049,909	IDR : USD 0.0001	2,646,105
		December 31, 2022		
		Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	317,778	USD : TWD 30.66	9,743,084
		31,066	USD : CNY 6.9646	952,474
		104	USD : VND 23,570	3,186
VND		387,275,775	VND : USD 0.00004	503,459
INR		2,686,296	INR : USD 0.0121	995,004
IDR		36,631,536	IDR : USD 0.0001	69,600
<u>Non-monetary items</u>				
USD		34,292	USD : TWD 30.66	1,051,389

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022				
		Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		27,038	USD : TWD 30.66	828,992
		7,777	USD : CNY 6.9646	238,428
		378	USD : VND 23,570	11,577
VND		1,900,289,824	VND : USD 0.00004	2,470,377
INR		3,620,800	INR : USD 0.0121	1,341,144
IDR		1,266,479,737	IDR : USD 0.0001	2,406,311
September 30, 2022				
		Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	314,479	USD : TWD 31.700	9,968,969
		31,718	USD : CNY 7.0998	1,005,468
		0.30	USD : VND 23,870	10
VND		469,642,023	VND : USD 0.00004	610,535
INR		3,644,176	INR : USD 0.0123	1,416,491
IDR		77,473,643	IDR : USD 0.0001	162,695
<u>Non-monetary items</u>				
USD		32,293	USD : TWD 31.700	1,023,679
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		35,496	USD : TWD 31.700	1,125,228
		8,048	USD : CNY 7.0998	255,109
		0.33	USD : VND 23,870	10
VND		1,538,706,359	VND : USD 0.00004	2,000,318
INR		3,830,760	INR : USD 0.0123	1,489,016
IDR		1,174,727,763	IDR : USD 0.0001	2,466,928

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. An appreciation or depreciation of 5% of the TWD against the USD, VND, INR and IDR for the nine months ended September 30, 2023 and 2022, would have increased or decreased the net profit before tax by \$193,417 thousand and \$291,378 thousand, respectively. Performed based on the same basis, the analysis of both periods assumed that all other variables remained constant.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$566,823 thousand and \$1,630,638 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year at the reporting date. The change in interest rate reported to the Group's key management was based on 50 basis points, which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If the interest rate increases or decreases by 50 basis points, with all other variable factors remaining constant, the Group's net profit before tax would have decreased or increased by \$20,145 thousand and \$13,905 thousand for the nine months ended September 30, 2023 and 2022, respectively. This was mainly due to the Group's deposits and borrowings at variable rates.

(v) Fair value information

1) Financial instruments not measured at fair value

The Group considered that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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2) Financial instruments measured at fair value

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

(vi) Valuation techniques for financial instruments measured at fair value

The fair value of the unlisted stocks held the Group is mainly estimated using the discounted cash flow model method, with reference to the Group's future growth rate, net worth, and operation.

(u) Financial risk management

(i) Overview

The Group had exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risk. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statement.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The internal auditors perform regular reviews by taking risk management control procedures and report to the Board of Directors.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Trade and other receivables

Exposure to credit risk of the Group is mainly affected by the condition of each customer. However, the management also considers the demographics of the Group's customer base, including the default risk of the industry and the country in which customers operate, as these factors may have an influence on credit risk.

Management has established a credit policy, under which when available, and, in some cases, each new customer is analyzed individually for credit rating before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings bank references. Purchase limits are established for each customer, and these limits are reviewed periodically. Customers that fail to meet the Group's benchmark credit rating may transact with the Group only on a prepayment basis.

In monitoring the credit risk of the customers, the Group groups them according to the credit characteristics of the customers; for example, by whether they are primary or secondary customers, region, industry, age and maturity date of receivables, and previously existing financial difficulties. The Group's accounts receivable were mainly due from Group's customers. Customers rated as high risk are classified as restricted customers and monitored, and those customers may transact with the Group only on a prepayment basis in the future.

The Group has established an allowance account for bad debts that represents its estimate of incurred losses in respect of trade receivables, other receivables, and investments. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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2) Investment

The credit risk exposure for the bank deposits and other financial instruments are measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

As of September 30, 2023, December 31, 2022 and September 30, 2022, there was no guarantee outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the total amount of unused credit facilities as of September 30, 2023, December 31, 2022 and September 30, 2022, amounted to \$12,188,544 thousand, \$16,310,996 thousand and \$13,875,108 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD), US Dollars (USD) and China Yuan (CNY). The currencies used in these transactions are denominated in TWD, USD, VND, INR, IDR and CNY.

The interest is denominated in the currency used in the borrowings. Borrowings were generally denominated in currencies that match with the cash flows generated by the underlying operations of the Group, primarily TWD, USD and INR. This provided an economic hedge without derivatives being entered into, and therefore, hedge accounting was not applied in these circumstances.

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FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

2) Interest rate risk

The Group's risk exposure on to changes in interest rates is mainly attributable to short-term and long-term loans at floating rates. Any change in interest rates will cause the effective interest rates of short-term and long-term loans to change and thus cause the future cash flows to fluctuate over time.

(v) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group's debt-to-equity ratios on the reporting dates were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total liabilities	\$ 27,556,801	24,436,440	27,402,134
Less: cash and cash equivalents	(4,834,998)	(5,076,095)	(4,405,355)
Net debt	22,721,803	19,360,345	22,996,779
Total equity	24,751,290	26,873,927	26,023,281
Total capital	<u>\$ 47,473,093</u>	<u>46,234,272</u>	<u>49,020,060</u>
Debt-to-equity ratio on period end	<u>47.86 %</u>	<u>41.87 %</u>	<u>46.91 %</u>

(w) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the nine months ended September 30, 2023 and 2022.

Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>September 30, 2023</u>
			<u>Others</u>	<u>Foreign exchange movement</u>	
Long-term borrowings	\$ 2,525,493	(513,938)	-	98,836	2,110,391
Short-term borrowings	435,372	5,278,668	-	30,763	5,744,803
Lease liabilities	584,172	(37,207)	(24,049)	24,640	547,556
Total liabilities from financing activities	<u>\$ 3,545,037</u>	<u>4,727,523</u>	<u>(24,049)</u>	<u>154,239</u>	<u>8,402,750</u>

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	January 1, 2022	Cash flows	Non-cash changes		September 30, 2022
			Others	Foreign exchange movement	
Long-term borrowings	\$ 2,890,474	(1,188,669)	-	201,556	1,903,361
Short-term borrowings	6,300,675	(2,834,932)	-	196,167	3,661,910
Lease liabilities	567,349	(43,901)	9,792	66,380	599,620
Total liabilities from financing activities	<u>\$ 9,758,498</u>	<u>(4,067,502)</u>	<u>9,792</u>	<u>464,103</u>	<u>6,164,891</u>

(7) Related-party transactions:

(a) Name of related parties and relationship

The followings are entities that had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Shoe Majesty Co., Ltd.	A joint venture under the Group's joint arrangement
Vietnam Shoe Majesty Co., Ltd.	"
Hong Kong Shoe Majesty Trading Co., Ltd.	"

(b) Significant transactions with related parties

(i) Operating income

The amounts of significant sales by the Group to related parties were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
The Group is a joint venture under the joint agreement	\$ <u>2,261</u>	<u>38,282</u>	<u>3,979</u>	<u>110,778</u>

Sales prices for related parties were similar to those of the third-party customers.

(ii) Other revenue

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
The Group is a joint venture under the joint agreement	\$ <u>2,402</u>	<u>1,985</u>	<u>7,006</u>	<u>6,610</u>

(Continued)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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(iii) Other expense

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
The Group is a joint venture under the joint agreement	\$ <u>2</u>	<u>15</u>	\$ <u>160</u>	<u>15</u>

(iv) Receivables due from Related Parties

The receivables due from related parties of the Group were as follows:

Account item	Category of related party	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	The Group is a joint venture under the joint agreement	\$ -	21,146	10,783
Other receivables	The Group is a joint venture under the joint agreement	<u>860</u>	<u>1,443</u>	<u>836</u>
		<u>\$ 860</u>	<u>22,589</u>	<u>11,619</u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 95,472	158,877	249,501	449,616
Post-employment benefits	<u>1,185</u>	<u>1,042</u>	<u>3,688</u>	<u>3,175</u>
	<u>\$ 96,657</u>	<u>159,919</u>	<u>253,189</u>	<u>452,791</u>

(8) Pledged assets:

The book values of pledged assets were as follows:

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Other current financial assets	Customs deposit and lease deposit	\$ 1,391	1,364	1,384
Other non-current financial assets	Customs deposit and lease deposit	<u>105,545</u>	<u>84,422</u>	<u>237,500</u>
		<u>\$ 106,936</u>	<u>85,786</u>	<u>238,884</u>

(Continued)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

- (a) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group has issued promissory notes for short-term and long-term borrowings of \$9,399,800 thousand, \$9,259,400 thousand and \$9,353,000 thousand, respectively.
- (b) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had payables in respect of important construction contracts, amounting to \$2,530,170 thousand, \$2,309,047 thousand and \$2,486,873 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Others:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the three months ended September 30, 2023			For the three months ended September 30, 2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		5,138,268	1,671,360	6,809,628	5,309,172	1,906,362	7,215,534
Labor and health insurance		587,044	141,893	728,937	529,334	119,624	648,958
Pension		362,617	104,588	467,205	339,969	69,405	409,374
Other employee benefits		715,279	168,238	883,517	569,889	157,487	727,376
Depreciation		531,061	211,359	742,420	546,730	166,460	713,190
Amortization		1,286	12,485	13,771	1,265	6,562	7,827

By item	By function	For the nine months ended September 30, 2023			For the nine months ended September 30, 2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		14,983,776	4,538,049	19,521,825	14,828,300	5,373,902	20,202,202
Labor and health insurance		1,688,100	430,240	2,118,340	1,456,921	351,965	1,808,886
Pension		1,033,708	268,247	1,301,955	938,502	227,553	1,166,055
Other employee benefits		2,034,099	453,715	2,487,814	1,826,935	452,480	2,279,415
Depreciation		1,602,858	576,622	2,179,480	1,586,058	494,704	2,080,762
Amortization		3,755	36,622	40,377	3,778	33,446	37,224

- (b) Seasonality of operation

The Group's operations are not affected by seasonal or cyclical factors.

(Continued)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2023:

- i. Loans to other parties: None
- ii. Guarantees and endorsements for other parties: None
- iii. Securities held as of September 30, 2023 (excluding investment in subsidiaries, associates and joint ventures): None
- iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Counterparty	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain/Loss on Disposal	Shares	Amount (Note1)
Feng Tay Enterprises Co., Ltd.	Stock India Tindivanam Footwear Private Limited	Investments accounted for using equity method	-	Subsidiary	88,000,000	316,957	127,836,353	477,188	-	-	-	-	215,836,353	777,108
Dona Orient Holdings Limited	Vietnam Nam Ha Footwear Co., Ltd.	Investments accounted for using equity method	-	Subsidiary	Note 3	1,354,347	Note 3	339,135	-	-	-	-	Note 3	1,669,712
Lotus Footwear Enterprises Ltd.	Cheyar SEZ Developers Private Ltd.	Investments accounted for using equity method	-	Subsidiary	104,999,999	2,509,243	13,000,000	486,706	-	-	-	-	117,999,999	3,054,648

Note 1: The ending balance includes the realized gain/loss on equity investment and exchange differences on translation of foreign financial statements.

Note 2: Reconciliated in the preparation of the consolidated report.

Note 3: Unissued shares of the Vietnamese entities.

Note 4: Amounts denominated in foreign currencies in this chart are translated into New Taiwan Dollars using the spot exchange rate at the reporting date.

(On September 30, 2023, the USD closing exchange rate of 32.22)

- v. Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Name of property	Transaction date (Note1)	Transaction amount (Note1)	Status of payment	Counter-party (Note2)	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	New Development Center	August 11, 2022	1,350,000	Payment according to contract conditions	FONG YU ASSOCIATED ENGINEERING CO., LTD., etc.	None	-	-	-	-	Price comparison and bargaining	In response to the Company's business development	None

Note 1: This is the estimated transaction amount based on the new development center project approved by the Board of Directors, and the actual transaction amount is based on the contract.

Note 2: The Company signed a civil construction contract with Fong Yu Associated Engineering Co., Ltd., with a total contract price of \$1,330,000 thousand on September 7, 2023.

- vi. Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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- vii. Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	Sale	1,090,304	1%	90 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	434,392	4%	-
"	"	"	Purchase	4,200,135	6%	20 days	"	-	(305,909)	(5%)	-
"	India Tindivanam Footwear Private Limited	"	Sale	145,256	-	90 days	"	-	147,869	1%	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	"	1,133,738	2%	30 days	"	-	178,130	1%	-
"	"	"	Purchase	4,682,749	7%	15 days	"	-	(408,148)	(6%)	-
"	Vietnam Dona Orient Co., Ltd.	"	Sale	2,292,725	3%	75 days	"	-	828,305	7%	-
"	"	"	Purchase	4,446,842	6%	30 days	"	-	(573,184)	(9%)	-
"	Dona Victor Footwear Co., Ltd.	"	Sale	1,044,165	1%	30 days	"	-	111,197	1%	-
"	"	"	Purchase	5,402,198	8%	30 days	"	-	(550,197)	(8%)	-
"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sale	1,575,525	2%	60/90 days	"	-	506,724	4%	-
"	"	"	Purchase	4,105,826	6%	30 days	"	-	(451,615)	(7%)	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sale	464,100	1%	15 days	"	-	28,118	-	-
"	"	"	Purchase	2,404,408	3%	15 days	"	-	(135,168)	(2%)	-
"	Fujian San Feng Footwear Co., Ltd.	"	Sale	413,052	1%	15 days	"	-	29,267	-	-
"	"	"	Purchase	1,867,024	3%	15 days	"	-	(114,708)	(2%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	"	Sale	869,910	1%	15 days	"	-	45,165	-	-
"	"	"	Purchase	2,780,984	4%	15 days	"	-	(130,207)	(2%)	-
"	Fujian Great Hope Footwear Co., Ltd.	"	"	923,270	1%	60 days	"	-	(178,335)	(3%)	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sale	2,541,437	3%	90 days	"	-	779,203	6%	-
"	"	"	Purchase	12,024,984	17%	10 days	"	-	(663,089)	(10%)	-
"	Vung Tau Orient Co., Ltd.	"	Sale	745,593	1%	90 days	"	-	427,727	4%	-
"	"	"	Purchase	2,326,079	3%	10 days	"	-	(102,378)	(2%)	-
"	Vietnam Nam Ha Footwear Co., Ltd.	"	Sale	228,523	-	90 days	"	-	230,967	2%	-
"	East Wind Footwear Co., Ltd. (India Branch)	"	"	1,267,091	2%	60 days	"	-	295,538	2%	-
"	"	"	Purchase	3,453,045	5%	10/30 days	"	-	(377,047)	(6%)	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	Sale	2,042,580	3%	30/60 days	"	-	488,243	4%	-
"	"	"	Purchase	4,343,749	6%	30 days	"	-	(549,572)	(8%)	-
"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sale	325,391	-	15 days	"	-	40,370	-	-
"	"	"	Purchase	175,677	-	30 days	"	-	(5,354)	-	-

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Sale	4,200,135	99%	20 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	305,909	98%	-
"	"	"	Purchase	1,090,304	40%	90 days	"	-	(434,392)	(66%)	-
India Tindivanam Footwear Private Limited	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	Purchase	145,256	100%	90 days	"	-	(147,869)	(98%)	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,404,408	75%	15 days	"	-	135,168	64%	-
"	"	"	Purchase	464,100	27%	15 days	"	-	(28,118)	(16%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	Associate	"	152,559	9%	10-15 days	"	-	(9,456)	(5%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	Associate	Purchase	140,011	8%	10-15 days	"	-	(5,712)	(3%)	-
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	2,780,984	72%	15 days	"	-	130,207	41%	-
"	"	"	Purchase	869,910	47%	15 days	"	-	(45,165)	(22%)	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Associate	Sale	152,559	4%	10-15 days	"	-	9,456	3%	-
"	Fujian San Feng Footwear Co., Ltd.	"	"	150,071	4%	15-20 days	"	-	10,185	3%	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	Purchase	118,680	6%	10-15 days	"	-	(4,762)	(2%)	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	1,867,024	66%	15 days	"	-	114,708	39%	-
"	"	"	Purchase	413,052	30%	15 days	"	-	(29,267)	(20%)	-
"	Fujian Xiefeng Footwear Co., Ltd.	Associate	"	150,071	11%	15-20 days	"	-	(10,185)	(7%)	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	"	"	142,034	10%	10-15 days	"	-	(4,907)	(3%)	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	923,270	96%	60 days	"	-	178,335	97%	-
"	Xie Feng Mold Co., Ltd. Putian, Fujian	Associate	Purchase	121,171	27%	10-60 days	"	-	(24,476)	(30%)	-
Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian Xiefeng Footwear Co., Ltd.	Associate	Sale	118,680	17%	10-15 days	"	-	4,762	9%	-
"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	"	140,011	20%	10-15 days	"	-	5,712	10%	-
"	Fujian Great Hope Footwear Co., Ltd.	"	"	121,171	18%	10-60 days	"	-	24,476	44%	-
"	Fujian San Feng Footwear Co., Ltd.	"	"	142,034	21%	10-15 days	"	-	4,907	9%	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	175,677	23%	30 days	"	-	5,354	6%	-
"	"	"	Purchase	325,391	75%	15 days	"	-	(40,370)	(81%)	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Associate	Sale	3,469,234	100%	Payment after Delivery	"	-	701,682	99%	-

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Hong Kong Shoe Majesty Trading Co., Ltd.	Vietnam Shoe Majesty Co., Ltd.	Associate	Purchase	3,469,234	100%	Payment after Delivery	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	(701,682)	(97%)	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	5,402,198	100%	30 days	"	-	550,197	100%	-
"	"	"	Purchase	1,044,165	69%	30 days	"	-	(111,197)	(25%)	-
"	Dona Pacific (Vietnam) Co., Ltd	Associate	"	123,364	8%	60 days	"	-	(18,316)	(4%)	-
"	Dona Victor Molds Mfg. Co., Ltd.	"	"	141,088	9%	30 days	"	-	(13,853)	(3%)	-
"	Vietnam Dona Standard Footwear Company Ltd.	"	"	158,340	10%	60 days	"	-	(25,086)	(6%)	-
Dona Pacific (Vietnam) Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	4,682,749	92%	15 days	"	-	408,148	87%	-
"	"	"	Purchase	1,133,738	93%	30 days	"	-	(178,130)	(35%)	-
"	Vietnam Dona Orient Co., Ltd.	Associate	Sale	209,447	4%	60 days	"	-	28,527	6%	-
"	Dona Victor Footwear Co., Ltd.	"	"	123,364	2%	60 days	"	-	18,316	4%	-
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	4,446,842	72%	30 days	"	-	573,184	71%	-
"	"	"	Purchase	2,292,725	77%	75 days	"	-	(828,305)	(74%)	-
"	Dona Pacific (Vietnam) Co., Ltd.	Associate	"	209,447	7%	60 days	"	-	(28,527)	(3%)	-
Dona Victor Molds Mfg. Co., Ltd.	Dona Victor Footwear Co., Ltd.	Associate	Sale	141,088	27%	30 days	"	-	13,853	24%	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	"	221,935	42%	30 days	"	-	16,674	29%	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	2,326,079	99%	10 days	"	-	102,378	98%	-
"	"	"	Purchase	745,593	81%	90 days	"	-	(427,727)	(81%)	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	12,024,984	96%	10 days	"	-	663,089	91%	-
"	"	"	Purchase	2,541,437	86%	90 days	"	-	(779,203)	(58%)	-
"	Dona Victor Footwear Co., Ltd.	Associate	Sale	158,340	1%	60 days	"	-	25,086	3%	-
"	Dona Victor Molds Mfg. Co., Ltd.	"	Purchase	221,935	7%	30 days	"	-	(16,674)	(1%)	-
Vietnam Nam Ha Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Purchase	228,523	99%	90 days	"	-	(230,967)	(79%)	-
East Wind Footwear Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	3,453,045	100%	10/30 days	"	-	377,047	100%	-
"	"	"	Purchase	1,267,091	95%	60 days	"	-	(295,538)	(90%)	-
Lotus Footwear Enterprises Ltd.(India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsi-dary and investor	Sale	4,105,826	97%	30 days	"	-	451,615	95%	-
"	"	"	Purchase	1,575,525	99%	60/90 days	"	-	(506,724)	(93%)	-

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Fairway Enterprises Co., Ltd. (India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	Sale	4,343,749	100%	30 days	Selling price of goods was determined through negotiations and there were no other transactions with non-related parties to compare.	-	549,572	99%	-
"	"	"	Purchase	2,042,580	98%	30/60 days	"	-	(488,243)	(90%)	-

Note: Reconciliated in the preparation of the consolidated report.

- viii. Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Parent and subsidiary	434,392	5.23	-	-	35,413	-
"	Dona Pacific (Vietnam) Co., Ltd.	"	178,130	12.04	-	-	96,149	-
"	Vietnam Dona Orient Co., Ltd.	"	828,305	4.53	-	-	182,251	-
"	Dona Victor Footwear Co., Ltd.	"	111,197	14.48	-	-	51,785	-
"	Vietnam Dona Standard Footwear Co., Ltd.	"	779,203	3.94	-	-	130,148	-
"	Vung Tau Orient Co., Ltd.	"	427,727	2.69	184,696	-	15,079	-
"	Lotus Footwear Enterprises Ltd. (India Branch)	"	506,724	3.99	2	-	121,039	-
"	East Wind Footwear Co., Ltd. (India Branch)	"	295,538	4.81	-	-	47,309	-
"	Fairway Enterprises Co., Ltd. (India Branch)	"	488,243	5.58	2,295	-	142,604	-
"	"	"	41,480	Note 2	-	-	-	-
"	India Tindivanam Footwear Private Limited	"	147,869	2.62	-	-	-	-
"	Vietnam Nam Ha Footwear Co., Ltd.	"	230,967	2.64	-	-	-	-
PT Feng Tay Indonesia Enterprises	Feng Tay Enterprises Co., Ltd.	Subsidiary and parent	305,909	15.36	-	-	305,909	-
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	135,168	20.79	-	-	135,168	-
Fujian Xiefeng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	130,207	20.10	-	-	130,207	-
Fujian San Feng Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	114,708	18.25	-	-	114,708	-
Fujian Great Hope Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	178,335	7.32	-	-	57,629	-
Vietnam Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Company Limited	Associate	701,682	6.21	-	-	62,456	-
Dona Victor Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	550,197	12.24	-	-	390,434	-
Dona Pacific (Vietnam) Co., Ltd	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	408,148	16.49	-	-	408,132	-

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Name of company	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amounts received in subsequent period	Allowance for credit loss
					Amount	Action taken		
Vietnam Dona Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	573,184	11.07	-	-	426,929	-
Vung Tau Orient Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	102,378	26.63	-	-	102,339	-
Vietnam Dona Standard Footwear Co., Ltd.	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	663,089	23.53	-	-	651,709	-
East Wind Footwear Co., Ltd.(India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	377,047	15.57	-	-	194,509	-
Lotus Footwear Enterprises Ltd.(India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	451,615	11.22	-	-	338,314	-
Fairway Enterprises Co., Ltd.(India Branch)	Feng Tay Enterprises Co., Ltd.	Sub-subsidiary and investor	549,572	10.17	-	-	470,717	-

Note 1: Reconciliated in the preparation of the consolidated report.

Note 2: It is mainly other receivables, so they are not applicable to the calculation of turnover days.

ix. Trading in derivative instruments: None

x. Business relationships and significant intercompany transactions:

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	1	Sales revenue	1,090,304	Note 3	1.7243%
"	"	"	"	Cost of sales	4,200,135	Note 3	6.6424%
"	"	"	"	Accounts receivable due from related parties	434,392	90 days	0.8304%
"	"	"	"	Accounts payable to related parties	305,909	20 days	0.5848%
"	"	India Tindivanam Footwear Private Limited	"	Sales revenue	145,256	Note 3	0.2297%
"	"	"	"	Accounts receivable due from related parties	147,869	90 days	0.2827%
"	"	Dona Pacific(Vietnam) Co., Ltd.	4	Sales revenue	1,133,738	Note 3	1.7930%
"	"	"	"	Cost of sales	4,682,749	Note 3	7.4057%
"	"	"	"	Accounts receivable due from related parties	178,130	30 days	0.3405%
"	"	"	"	Accounts payable to related parties	408,148	15 days	0.7803%
"	"	Vietnam Dona Orient Co., Ltd.	"	Sales revenue	2,292,725	Note 3	3.6259%
"	"	"	"	Technical service income	124,879	-	0.1975%
"	"	"	"	Cost of sales	4,446,842	Note 3	7.0326%
"	"	"	"	Accounts receivable due from related parties	828,305	75 days	1.5835%
"	"	"	"	Accounts payable to related parties	573,184	30 days	1.0958%
"	"	Dona Victor Footwear Co., Ltd.	"	Sales revenue	1,044,165	Note 3	1.6513%
"	"	"	"	Cost of sales	5,402,198	Note 3	8.5434%
"	"	"	"	Accounts receivable due from related parties	111,197	30 days	0.2126%
"	"	"	"	Accounts payable to related parties	550,197	30 days	1.0518%
"	"	Lotus Footwear Enterprises Ltd. (India Branch)	"	Sales revenue	1,575,525	Note 3	2.4917%

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	Lotus Footwear Enterprises Ltd. (India Branch)	4	Cost of sales	4,105,826	Note 3	6.4933%
"	"	"	"	Accounts receivable due from related parties	506,724	60/90 days	0.9687%
"	"	"	"	Accounts payable to related parties	451,615	30 days	0.8634%
"	"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sales revenue	464,100	Note 3	0.7340%
"	"	"	"	Cost of sales	2,404,408	Note 3	3.8025%
"	"	"	"	Accounts receivable due from related parties	28,118	15 days	0.0538%
"	"	"	"	Accounts payable to related parties	135,168	15 days	0.2584%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	413,052	Note 3	0.6532%
"	"	"	"	Cost of sales	1,867,024	Note 3	2.9527%
"	"	"	"	Accounts receivable due from related parties	29,267	15 days	0.0560%
"	"	"	"	Accounts payable to related parties	114,708	15 days	0.2193%
"	"	Fujian Xiefeng Footwear Co., Ltd.	"	Sales revenue	869,910	Note 3	1.3757%
"	"	"	"	Cost of sales	2,780,984	Note 3	4.3981%
"	"	"	"	Accounts receivable due from related parties	45,165	15 days	0.0863%
"	"	"	"	Accounts payable to related parties	130,207	15 days	0.2489%
"	"	Fujian Great Hope Footwear Co., Ltd.	"	Cost of sales	923,270	Note 3	1.4601%
"	"	"	"	Accounts payable to related parties	178,335	60 days	0.3409%
"	"	Vietnam Dona Standard Footwear Co., Ltd.	"	Sales revenue	2,541,437	Note 3	4.0192%
"	"	"	"	Cost of sales	12,024,984	Note 3	19.0172%
"	"	"	"	Accounts receivable due from related parties	779,203	90 days	1.4896%
"	"	"	"	Accounts payable to related parties	663,089	10 days	1.2677%
"	"	Vung Tau Orient Co., Ltd.	"	Sales revenue	745,593	Note 3	1.1791%
"	"	"	"	Cost of sales	2,326,079	Note 3	3.6786%
"	"	"	"	Accounts receivable due from related parties	427,727	90 days	0.8177%
"	"	"	"	Accounts payable to related parties	102,378	10 days	0.1957%
"	"	Vietnam Nam Ha Footwear Co., Ltd.	"	Sales revenue	228,523	Note 3	0.3614%
"	"	"	"	Accounts receivable due from related parties	230,967	90 days	0.4416%
"	"	East Wind Footwear Co., Ltd.(India Branch)	"	Sales revenue	1,267,091	Note 3	2.0039%
"	"	"	"	Cost of sales	3,453,045	Note 3	5.4609%
"	"	"	"	Accounts receivable due from related parties	295,538	60 days	0.5650%
"	"	"	"	Accounts payable to related parties	377,047	10/30 days	0.7208%

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Feng Tay Enterprises Co., Ltd.	Fairway Enterprises Co., Ltd.(India Branch)	4	Sales revenue	2,042,580	Note 3	3.2303%
"	"	"	"	Cost of sales	4,343,749	Note 3	6.8695%
"	"	"	"	Accounts receivable due from related parties	488,243	30/60 days	0.9334%
"	"	"	"	Accounts payable to related parties	549,572	30 days	1.0506%
"	"	Suzhou Yufeng Plastics Technology Co., Ltd.	"	Sales revenue	325,391	Note 3	0.5146%
"	"	"	"	Cost of sales	175,677	Note 3	0.2778%
"	"	"	"	Accounts receivable due from related parties	40,370	15 days	0.0772%
"	"	"	"	Accounts payable to related parties	5,354	30 days	0.0102%
1	Fujian Xiefeng Footwear Co., Ltd.	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	8	Sales revenue	152,559	Note 3	0.2413%
"	"	"	"	Accounts receivable due from related parties	9,456	10~15 days	0.0181%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	150,071	Note 3	0.2373%
"	"	"	"	Accounts receivable due from related parties	10,185	15~20 days	0.0195%
2	Xie Feng Mold Co., Ltd. Putian, Fujian	Fujian Xiefeng Footwear Co., Ltd.	8	Sales revenue	118,680	Note 3	0.1877%
"	"	"	"	Accounts receivable due from related parties	4,762	10~15 days	0.0091%
"	"	Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	"	Sales revenue	140,011	Note 3	0.2214%
"	"	"	"	Accounts receivable due from related parties	5,712	10~15 days	0.0109%
"	"	Fujian Great Hope Footwear Co., Ltd.	"	Sales revenue	121,171	Note 3	0.1916%
"	"	"	"	Accounts receivable due from related parties	24,476	10~60 days	0.0468%
"	"	Fujian San Feng Footwear Co., Ltd.	"	Sales revenue	142,034	Note 3	0.2246%
"	"	"	"	Accounts receivable due from related parties	4,907	10~15 days	0.0094%
3	Dona Victor Footwear Co., Ltd.	Dona Pacific (Vietnam) Co., Ltd.	8	Cost of sales	123,364	Note 3	0.1951%
"	"	"	"	Accounts payable to related parties	18,316	60 days	0.0350%
"	"	Vietnam Dona Standard Footwear Company Ltd.	"	Cost of sales	158,340	Note 3	0.2504%
"	"	"	"	Accounts payable to related parties	25,086	60 days	0.0480%
4	Dona Pacific (Vietnam) Co., Ltd.	Vietnam Dona Orient Co., Ltd.	8	Sales revenue	209,447	Note 3	0.3312%
"	"	"	"	Accounts receivable due from related parties	28,527	60 days	0.0545%
5	Dona Victor Molds Mfg Co., Ltd.	Dona Victor Footwear Co., Ltd.	8	Sales revenue	141,088	Note 3	0.2231%
"	"	"	"	Accounts receivable due from related parties	13,853	30 days	0.0265%
"	"	Vietnam Dona Standard Footwear Company Ltd.	"	Sales revenue	221,935	Note 3	0.3510%

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
5	Dona Victor Molds Mfg Co., Ltd.	Vietnam Dona Standard Footwear Company Ltd.	8	Accounts receivable due from related parties	16,674	30 days	0.0319%

Note 1: The numbers filled in as follows:

1. 0 represents the parent company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

1. represents transactions between the parent company and its subsidiaries.
2. represents transactions between the subsidiaries and the parent company.
3. represents transactions between subsidiaries.
4. represents transactions between the parent company and its sub-subsidiaries.
5. represents transactions between the sub-subsidiaries and the parent company.
6. represents transactions between the subsidiaries and the sub-subsidiaries.
7. represents transactions between the sub-subsidiaries and the subsidiaries.
8. represents transactions between sub-subsidiaries.

Note 3: Selling price of goods is determined through negotiations and there are no other transactions with non-related parties to compare.

(b) Information on investment

The following is the information on investment for the nine months ended September 30, 2023 (excluding information on investment in Mainland China):

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				September 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
Feng Tay Enterprises Co., Ltd.	PT Feng Tay Indonesia Enterprises	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,324,722	1,322,618	53,999	99.99%	768,467	(587,351)	(587,163)	Subsidiary (Note 5)
"	PT Rich Valley Indonesia	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	1,063,389	899,054	519,990	99.99%	1,165,896	3,177	3,177	"
"	Growth-Link Overseas Co., Ltd.	Bermuda	Investment holding	5,521,531	5,521,531	6,000,000	100.00%	15,638,286	1,478,975	1,478,975	"
"	VX Holdings Ltd.	British Virgin Islands	Investment holding	447,734	447,734	38,280	47.26%	847,790	(86,876)	(41,058)	"
"	Shoe Majesty Co., Ltd.	"	Investment holding	203,466	203,466	6,120	20.40%	443,110	76,724	15,652	Investee under the equity method
"	Dona Orient Holdings Ltd.	"	Investment holding	1,529,723	1,529,723	44,753	40.97%	3,745,557	100,683	41,250	Subsidiary (Note 5)
"	Great Eastern Industries Ltd.	Hong Kong	International trade services	30,358	30,358	1,000	100.00%	36,156	3,239	3,239	"
"	Great South Private Ltd.	Singapore	Investment holding	35,517	16,845	1,600	100.00%	14,406	(12,105)	(12,105)	"
"	India Tindivandam Footwear Private Limited	India	Manufacturing of athletic shoes, semi-finished footwear and footwear accessories	807,847	330,659	215,836,353	96.14%	777,108	(50,886)	(48,544)	"
Growth-Link Overseas Co., Ltd.	VX Mold Co., Ltd.	British Virgin Islands	Investment holding	16,136	16,136	372,000	93.00%	313,206	153,611	142,859	Subsidiary (Note 5)

FENG TAY ENTERPRISES COMPANY LIMITED AND ITS SUBSIDIARIES
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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				September 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
Growth-Link Overseas Co., Ltd.	VX Holdings Ltd.	British Virgin Islands	Investment holding	306,341	306,341	36,342	44.87%	837,896	(86,876)	(38,979)	Investee under the equity method (Note 5)
"	Dona Pacific Holdings Ltd.	"	Investment holding	401,918	401,918	23,000	92.00%	1,273,894	(26,962)	(24,805)	Subsidiary (Note 5)
"	Shoe Majesty Co., Ltd.	"	Investment holding	259,219	259,219	8,580	28.60%	652,219	76,724	21,943	Investee under the equity method
"	Dona Orient Holdings Ltd.	"	Investment holding	2,121,610	2,121,610	64,483	59.03%	5,659,267	100,683	59,433	Subsidiary (Note 5)
"	Lotus Footwear Enterprises Ltd.	"	Investment holding business, and manufacturing and selling of finished shoes	2,192,249	2,192,249	34,020	88.00%	4,292,125	859,890	756,703	"
"	PT Rich Valley Indonesia	Indonesia	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	23	23	10	0.01%	117	3,177	-	Investee under the equity method (Note 5)
"	PT Feng Tay Indonesia Enterprises	"	Manufacturing of athletic shoes, casual shoes, semi-finished footwear and footwear accessories	22	-	1	0.01%	15	(587,351)	(9)	"
"	Cheyyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	-	-	1	0.01%	-	47,731	-	"
VX Holdings Ltd.	Dona Victor Footwear Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,062,751	1,062,751	Note 4	100.00%	1,864,244	(86,199)	(86,199)	Subsidiary (Note 5)
Shoe Majesty Co., Ltd.	Hong Kong Shoe Majesty Trading Co., Ltd.	Hong Kong	International trade services	6,444	6,444	200	100.00%	98,520	27,166	27,166	Subsidiary
"	Vietnam Shoe Majesty Co., Ltd.	Vietnam	Manufacturing footwear products	1,192,140	1,192,140	Note 4	100.00%	2,124,275	56,237	56,237	"
Dona Orient Holdings Ltd.	Vietnam Dona Orient Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,417,680	1,417,680	Note 4	100.00%	2,337,861	207,742	207,742	Subsidiary (Note 5)
"	Vietnam Dona Standard Footwear Co., Ltd.	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	2,439,054	2,439,054	"	100.00%	4,536,546	22,761	22,761	"
"	Vung Tau Orient Co., Ltd.	"	Producing golf balls, soccer balls, and backpack, bags	909,352	748,252	"	100.00%	897,525	(92,246)	(92,246)	"
"	Vietnam Nam Ha Footwear Co., Ltd.	"	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	1,739,880	1,385,460	"	100.00%	1,669,712	(37,535)	(37,535)	"
VX Mold Co., Ltd.	Dona Victor Molds Mfg. Co., Ltd.	Vietnam	Manufacturing and repair of molds, cutting dies, and processing of metal parts	99,882	99,882	Note 4	100.00%	333,175	154,184	154,184	Subsidiary (Note 5)
Dona Pacific Holdings Ltd.	Dona Pacific (Vietnam) Co., Ltd.	Vietnam	Manufacturing of athletic shoes, semi-finished footwear, and footwear accessories	644,400	644,400	Note 4	100.00%	1,382,584	(26,384)	(26,384)	Subsidiary (Note 5)
Lotus Footwear Enterprises Ltd.	Cheyyar SEZ Developers Private Ltd.	India	Development in India's Industrial Park	3,862,970	3,349,860	117,999,999	99.99%	3,054,648	47,731	47,731	Subsidiary (Note 5)

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note (Note 6)
				September 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
Lotus Footwear Enterprises Ltd.	East Wind Footwear Co., Ltd.	British Virgin Islands	Investment holding and production of athletic shoes	532,668	532,668	9,751	100.00%	1,057,328	309,778	309,778	Subsidiary (Note 5)
"	Fairway Enterprises Co., Ltd.	"	Investment holding and production of athletic shoes	1,517,346	1,655,127	29,501	100.00%	1,847,143	316,962	316,962	"

Note 1: Includes overseas undertakings invested by the Company and re-investment of the overseas undertakings.

Note 2: Carrying value refers to ending balance of investment recognized using the equity method, including investment gains or losses, and cumulative translation adjustments.

Note 3: The investees of Feng Tay Enterprises Co., Ltd. are presented based on the financial statements as of September 30, 2023, reviewed by certified public accountants, except that some of the investees were presented based on the unreviewed financial statements as of September 30, 2023.

Note 4: Unissued shares of the Vietnamese entities.

Note 5: Included in the consolidated financial statements.

Note 6: Represents the relationship between the investor and the investee.

(c) Information on investment in mainland China

i. The names of investees in Mainland China, the main businesses and products, and other information

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Note 7)	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023 (Note 7)	Net income (losses) of the investee (Note 8)	Percentage of ownership	Investment income (losses) (Note 8)	Book value (Note 7)	Accumulated remittance of earnings in current period (Note 8)
					Outflow	Inflow						
Fujian Wu Feng Department Store Co., Ltd.	Wholesale and retail of general merchandise, and related services.	144,990	Note 1	176,551	-	-	176,551	1,473	50.00%	737	25,561	104,700
Xie Feng Mold Co., Ltd. Putian, Fujian	Manufacturing and repair of molds, cutting dies, shoe lasts, injections, and processing of metal parts.	96,660	"	154,761	-	-	154,761	169,630	50.34%	85,383	160,718	1,111,436
Fujian Xiefeng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	483,300	"	182,759	-	-	182,759	313,806	77.50%	243,199	843,750	1,012,472
Fujian San Feng Footwear Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	483,300	"	292,421	-	-	292,421	186,281	68.00%	126,671	346,507	1,031,174
Fujian Da Feng Holdings Co., Ltd.	Investment holding.	869,940	"	970,187	-	67,662	902,525	491,941	70.00%	344,359	1,861,130	6,064,740
Fujian Great Hope Footwear Co., Ltd.	Production of athletic shoes, casual shoes, semi-finished footwear, footwear accessories, protective gear, and other supporting products.	256,149	"	431,249	-	-	431,249	82,240	84.73%	69,685	516,628	562,562
Fujian Lifeng Footwear Ind. Dev. Co., Ltd.	Producing athletic shoes, semi-finished footwear, and footwear accessories.	483,300	Note 2	-	-	-	-	146,172	70.00%	102,320	550,096	-
Suzhou Yufeng Plastics Technology Co., Ltd.	Manufacturing and processing of plastic products.	82,571	"	-	-	-	-	68,863	66.07%	45,495	184,516	-

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ii. Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of September 30, 2023 (Note 4 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5 and 7)	Upper Limit on Investment (Note 6)
2,140,266	2,917,603	13,736,326

Note 1: Indirect investment in the Company located in Mainland China through an existing company registered in the third region.

Note 2: Investment in companies in Mainland China through the existing companies registered in Mainland China.

Note 3: Recognized profit and loss from investment for the current period:

- (1) The financial statements were reviewed by the parent company's certified public accountants.
(2) Based on unreviewed financial statements for the nine months ended September 30, 2023.

Note 4: The cumulative investment amount has been deducted by capital increase from retained earnings of USD 3,939,943, capital repatriation of USD 20,185,981, but not yet deducted the cumulative amount of profit repatriation from Mainland China authorized by the Investment Commission of USD 319,287,339.

Note 5: The authorized investment amount is the original investment amounts authorized by investment Commission.

Note 6: The higher of the 60 % of net or combined net value, as calculated based on the upper limit stipulated in "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" amended by the Investment Commission on August 29, 2008.

Note 7: Calculated based on the closing exchange rate of 32.22 on September 30, 2023.

Note 8: Calculated based on the average closing exchange rate of 30.9661 between January and the end of September 2023.

iii Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders

Shareholding Shareholder's Name	Shares	Percentage
WANG LIOU, MEI-HUEI	106,873,822	10.82 %
WANG, CHOU-HSIONG	64,241,476	6.50 %
CHEN, HUI-LING	63,890,013	6.46 %

Note: The main shareholder information in this table is based on the last business day at the end of each quarter set by Taiwan Depository & Clearing Corporation to calculate the shares of those shareholders who hold more than 5% of the Company's ordinary shares that have been delivered without physical registration.

(14) Segment information

The Group has reportable department, footwear manufacturing and sales department, which mainly engaged in the production and sales of various sports shoes. Other departments are mainly engaged in the manufacturing of sports balls and bags.

The Group's operating segment information and reconciliation are as follows:

	<u>Department of manufacturing and selling shoes</u>	<u>Other Departments</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
For the three months ended				
September 30, 2023				
Revenue				
Revenue from external customers	\$ 22,031,001	1,041,895	-	23,072,896
Intersegment revenues	25,338,155	1,074,834	(26,412,989)	-
Total revenue	\$ 47,369,156	2,116,729	(26,412,989)	23,072,896
Reportable segment profit or loss	\$ 2,470,274	(21,065)	(42,381)	2,406,828

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	Department of manufacturing and selling shoes	Other Departments	Reconciliation and elimination	Total
For the three months ended September 30, 2022				
Revenue				
Revenue from external customers	\$ 24,760,118	1,121,041	-	25,881,159
Intersegment revenues	28,107,836	1,029,971	(29,137,807)	-
Total revenue	\$ 52,867,954	2,151,012	(29,137,807)	25,881,159
Reportable segment profit or loss	\$ 4,087,343	32,405	(62,002)	4,057,746
	Department of manufacturing and selling shoes	Other Departments	Reconciliation and elimination	Total
For the nine months ended September 30, 2023				
Revenue				
Revenue from external customers	\$ 59,994,147	3,237,925	-	63,232,072
Intersegment revenues	68,991,635	3,189,445	(72,181,080)	-
Total revenue	\$ 128,985,782	6,427,370	(72,181,080)	63,232,072
Reportable segment profit or loss	\$ 5,046,186	(42,699)	63,871	5,067,358
	Department of manufacturing and selling shoes	Other Departments	Reconciliation and elimination	Total
For the nine months ended September 30, 2022				
Revenue				
Revenue from external customers	\$ 69,911,716	3,127,784	-	73,039,500
Intersegment revenues	80,698,888	2,658,296	(83,357,184)	-
Total revenue	\$ 150,610,604	5,786,080	(83,357,184)	73,039,500
Reportable segment profit or loss	\$ 10,953,484	159,458	(175,189)	10,937,753